

QUARTERLY REPORT

Open Joint-Stock Company “Moscow Regional Electric Grid Company”

Issuer’s code:

6 5 1 1 6 – D

For IY quarter 2005

Issuer’s location: *142100, Moscow Region, Podolsk city, Ordzhonikidze Street, bld.27*

The information containing in this quarterly report is to be disclosed in accordance with the Russian Federation law on securities

General Director		Y.I. Trofimov
Date “ _____ ”	February _____	20 06 _____
		(signature)
Chief Accountant of the issuer		L.A. Sklyarova
Date “ _____ ”	February _____	20 06 _____
		(signature)
		Seal

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Internet website(s) used by the issuer for the disclosure of the information containing in this quarterly report	http://www.moesk.ru

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Introduction

a) The issuer's full company name in Russian:

Открытое акционерное общество «Московская областная электросетевая компания»

The issuer's shortened company name:

OJSC «Moscow Regional Electric Grid Company»

b) The location of the issuer: **Moscow Region, Podolsk city, Ordzhonikidze Street, bld.27**

c) Contact telephone numbers and emails of the issuer:

Telephone number: **(095) 980-12-80;**

Fax number: **(095) 980-12-55;**

Email: **TomichevichVD@ocb.moek.mosenergo.elektra.ru**

d) Internet website used by the issuer for the disclosure of the information containing in this quarterly report: **www.moesk.ru**

e) Main information on the issuer's securities which are outstanding:

Type: **registered uncertificated shares**

Category (type): **ordinary**

Quantity of the placed securities: **28,249,359,700 (twenty-eight billion two hundred and forty-nine million three hundred and fifty-nine thousand seven hundred) pieces**

Par value: **0.5 rubles**

State registration number and date of the state registration of the issue:

1-01-65116-D as of 31 May 2005

The body which carried out the state registration: **Federal Financial Markets Service**

Commencement and closing dates of the securities placement – **1 April 2005;**

The decision on issuance of securities and the report on results of issuance of securities are registered by The Federal Financial Markets Service on 31 May 2005

Way of placement of securities – **distribution of shares of the spun-off joint-stock company among shareholders of the joint-stock company reorganized as a result of this spin-off**

During the reporting quarter, the issue has not implemented placement of securities.

e) No other information available.

This quarterly report contains the issuer authorized governance bodies' estimations and forecasting concerning future events and/or actions, prospects of development of the economy sector, in which the issuer carries out its primary activities, and results of the issuer's activities, including the issuer's

plans, probability of occurrence of certain events and fulfillment of certain actions. Investors should not fully rely on estimations and forecasting provided by the issuer's governance bodies as actual results of the issuer's activities in the future may differ from those predicted for many reasons. Purchase of the issuer's securities is connected with the risks described in this quarterly report.

I. Brief data on the persons that form part of governance bodies of the issuer, data on bank accounts, auditor, appraiser and financial adviser of the issuer, and on other persons who signed the quarterly report

1.1. Persons who that form part of the issuer’s governance bodies

Structure of the Board of Directors of OPOSITION “Moscow Regional Electric Grid Company”:

	<i>Name, patronymic, surname</i>	<i>Year of birth</i>
1	<i>Anatoly Anatolievich Gavrilenko</i>	<i>1972</i>
2	<i>Evstaviev Arkadiy Vyacheslavovich</i>	<i>1960</i>
3	<i>Kolesnikov Andrey Vladimirovich</i>	<i>1968</i>
4	<i>Kostyuk Mokhail Dmitrievich</i>	<i>1952</i>
5	<i>Makarov Evgeniy Fedorovich</i>	<i>1955</i>
6	<i>Matveev Alexey Anatolievich</i>	<i>1963</i>
7	<i>Neshpa Valeriy Vasilievich</i>	<i>1976</i>
8	<i>Andrey Natanovich Rappoport</i>	<i>1963</i>
9	<i>Romanovsky Sergey Petrovich</i>	<i>1959</i>
10	<i>Wolfgang Skribot</i>	<i>1966</i>
11	<i>Smirnov Pavel Stepanovich</i>	<i>1952</i>
12	<i>Alexander Nikolaevich Chistyakov</i>	<i>1973</i>
13	<i>Shtykov Dmitry Viktorovich</i>	<i>1976</i>

*Chairman of the Board of Directors of OPOSITION “Moscow Regional Electric Grid Company”:
Rappoport Andrey Natanovich*

The sole executive body (General Director), and members of the collegial executive body (Management Board) of the issuer

The General Director of OJSC “Moscow Regional Electric Grid Company”:

<i>Name, patronymic, surname</i>	<i>Year of birth</i>
<i>Yuriy Ivanovich Trofimov</i>	<i>1945</i>

The Charter of the issuer does not provide for the collegial executive body

The Board of Directors was elected at the General Meeting of Shareholders which was held on 28 February 2005.

1.2. Data on the issuer's bank accounts

Full company name of the credit organization: *"Transport Investment Bank" Commercial Bank, Limited Liability Company*

Short company name of the credit organization: *Transinvestmank" CB, LLC*

Location: *107078, Moscow, Sadovaya-Spasskaya Street, 18, bld.1*

Taxpayer Identification Number (TIN): *7710066672*

Type of account: *ruble settlement account*

Account number: *4070281090000600510*

Bank Identification Code (BIC): *044579212*

Correspondent account: *3010181050000000212*

Full company name of the credit organization: *The Bank of foreign trade (joint-stock company)*

Short company name of the credit organization: *Vneshtorgbank, POSITION*

Location: *190000, Saint Petersburg, Bolshaya Morskaya Street, 29*

TIN: *7702070139*

Type of account: *ruble settlement account*

Account number: *40702810500060021123*

BIC: *044525187*

Corresponding account: *3010181070000000187*

Full company name of the credit organization: *"Agroimpuls" Joint-stock Company – Commercial Bank*

Short company name of the credit organization: *"Agroimpuls" CB, POSITION, "Moscow" office*

Location: *127106, Moscow, Gostinichnaya Street, 5, building 10*

TIN: *3664036384*

Type of account: *ruble settlement account*

Account number: *40702810900010000082*

BIC: *044552444*

Corresponding account: *30101810300000000444*

Full company name of the credit organization: *"Agroimpuls" Joint-stock Company – Commercial Bank*

Short company name of the credit organization: *"Agroimpuls" CB, POSITION, "Moscow" office*

Location: *127106, Moscow, Gostinichnaya Street, 5, building 10*

TIN: *3664036384*

Type of account: *ruble settlement account*

Account number: *40702810300010000084*

BIC: *044552444*

Corresponding account: *30101810300000000444*

Full company name of the credit organization: ***“Petrocommerts” Bank – Joint-stock Company***

Short company name of the credit organization: ***“Petrocommerts” Bank, POSITION***

Location: ***127051, Moscow, Petrovka Street, 24***

TIN: ***7707284568***

Type of account: ruble settlement account

Account number: ***40702810400000004712***

BIC: ***044525352***

Corresponding account: ***30101810700000000352***

1.3. Data on the issuer’s auditor (auditors)

Full company name: ***Closed Joint-Stock Company «HLB Vneshaudit»***

Short company name: ***CJSC « HLB Vneshaudit »***

Location of the auditor organization: 123610, Moscow, Krasnopresnenskaya Naberezhnaya Street, bld.12, entry 3, room 701

Telephone and fax numbers: (095) 967 04 95, 967 04 97

Email: ***info@vneshaudit.ru***

Number, date of delivery and date of expiry of the license for realization of the auditor activity as well as the body having issued the license:

license for realization of auditor activities E 000548; issued on 25 June 2002 by The Ministry of Finance of the Russian Federation, valid till 25 June 2012.

The fiscal years, for which the auditor held independent check of book keeping and financial (accounting) statements of the issuer:

Provided that the issuer was registered as a legal entity on 1 April 2005, the auditor carried out examination of reliability of quarter financial (accounting) of the issuer in the III quarter 2005 and accordance with the order of book-keeping by the issuer to legislation of the Russian Federation aimed at preparation of the Prospectus.

Factors which may influence independence of auditors from the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer):

Presence of stakes of auditors (officials of auditors) in the authorized capital of the issuer – ***none***;

Provision of borrowed funds to auditors (officials of auditors) – ***none***;

Presence of close business mutual relations (participation in promotion of products (services) of the issuer, joint business activities, etc.) as well as family ties – ***none***;

Data on officials of the issuer who simultaneously are officials of auditors (or auditors) – ***no such officials***;

Data on measures undertaken by the issuer and auditors to decrease the specified factors:

The main measure undertaken by the issuer to decrease the issuer and the auditor’s dependence from each other is a process of thorough examination of the auditor’s candidate to ensure its independence from the issuer. The auditor is completely independent from the issuer’s governance body according to the requirements of Article 12 of the Federal Law "On Auditor Activity"; the amount of remuneration of the auditor is not made dependent on the results of the check held.

The procedure of the issuer’s auditor selection:

The procedure of the tender connected with selection of the auditor, is not applied now.

The procedure of nomination of the auditor, including the governance body, making the corresponding decision:

According to item 10.2., Article 10, the issuer's Charter, the competence of the issuer's general meeting of participants includes:

«approval of the Company Auditor».

According to item 15.1. of Article 15 of the issuer's Charter, the competence of the issuer's Board of Directors includes the item:

"Recommendations to the Company General Meeting of Shareholders on the amount of remuneration and compensation paid to members of the Company Checkup Commission and definition of the amount of payment for the Auditor's services».

The information on the works held by the auditor within the limits of special auditor tasks:

The Auditor did not hold works within the limits of special auditor tasks.

The procedure of definition of the auditor's remuneration amount:

According to item 23.9. of Article 23 of the issuer's Charter, the amount of payment for the auditor's services is defined by the Board of Directors.

Deferred and back payments for services rendered by the auditor: ***absent***

1.4. Data on the issuer's appraiser

The issuer did not involve an appraiser for, as follows:

Definition of the market value of placed securities and traded securities (in relation to which liabilities were not carried out);

Definition of the market price of assets which are subject to deposit under placed bonds of the issuer with mortgage security or placed bonds of the issuer with mortgage security liabilities on which were not implemented;

Determination of the market price of fixed assets or immovable property of the issuer regarding which the issuer has carried out re-evaluation of cost reflected in other sections of the quarterly report;

Rendering of other services on evaluation connected with implementation of securities issue, information on which shall be mentioned in the quarterly report.

1.5. Data on the issuer's advisers

The financial adviser on the securities market that signed the prospectus for securities:

Full company name: ***OTKRITIE Brokerage house Joint-stock Company***

Short company name: ***OTKRITIE Brokerage house POSITION***

Location: ***105066, Moscow, Alexandra Lukyanova Street, 3***

Telephone and fax numbers: ***(095) 232-99-66, 203-96-47, Fax number (095) 956-47-00***

The Internet website used by the financial adviser for disclosing the information on the issuer::
http://www.broker.open.ru

The number, date of issuance and validity of the license for realization of professional activities on the securities market; the agency that granted the specified license:

The license of the professional participant of the securities market for realization of broker activities No. 177-06097-100000 as of 28 June 2002; issued for an indefinite time; issued by the FCSM of Russia;

The license of the professional participant of the securities market for realization of dealer activities No. 177-06100-010000 as of 28 June 2002; issued for an indefinite time; issued by the FCSM of Russia

The services rendered by the adviser:

- Rendering assistance to the issuer at compilation and registration of the issuer's prospectus for securities;
- Signing the issuer's Prospectus for Securities and the issuer's Report on Results of the Securities Issuance;
- Rendering consultancies to the issuer
 - on the issues of information disclosure;
 - other issues connected with issuance of the issuer's securities.

1.6. Data on other persons who signed the quarterly report

There are no other persons who signed the issuer's quarterly report .

II. Main information on the issuer's financial and economic standing

2.1. Indicators of the issuer's financial and economic activities

In the considered reporting period, information is not provided.

2.2. Issuer's market capitalization

The information of the issuer's market capitalization during either last five completed financial years or each completed financial year in case the issuer carries out its activities less than five years with pointing of market capitalization as of the date of end of each financial year and the date of end of the last completed reporting period.

The information on the issuer's market capitalization during last five completed financial years is not given as the issuer was registered in the capacity of legal entity on 1 April 2005.

The method of definition of the issuer's market capitalization:

Shares of OPOSITION "Moscow Regional Electric Grid Company" are not outstanding at organized markets. Definition of the market capitalization of the issuer under the method provided in Regulations for the Information Disclosing by Issuers of Equity Securities approved by Order as of 16 March 2005 No. 05-5/pz-n is not possible.

For the purposes of this paragraph, the issuer's market is defined on the basis of the net asset value.

The market capitalization of the issuer in the reporting period:

The market capitalization of the issuer is not calculated in the quarterly report in the IV quarter as accounting report of the issuer is not available as of the moment of drawing up of the quarterly report.

2.3. Issuer's liabilities

2.3.1. Accounts payable

The information on accounts payable is not give in the reporting period.

2.3.2. Issuer's credit history

As of 31 December 2005, operating credit contracts and loan contracts, the amounts of the principle debt under which is equal to, or exceeds 5 (Five) percent of the balance sheet assets of OPOSITION "Moscow Regional Electric Grid Company" are absent.

The issuer did not carry out issue of bonds.

2.3.3. Liabilities of the issuer from the securing granted to the third parties

The issuer did not grant securing to the third parties for the reporting period.

2.3.4. Issuer's other liabilities

Agreements of the issuer including futures transactions which are not reflected in its accounting balance sheet which may have a significant effect on the issuer's financial standing, its liquidity, sources of financing and conditions of their use, results of activities and expenses: **none**

2.4. The purposes of issue and ways of use of the funds received as a result of placement of issue securities

The aim of the issue was forming of the issuer's authorized capital.

The issuer was created as a result of reorganization of "Mosenergo", POSITION in the form of spin-off (Minutes No.1 of 29 June 2004 of the Annual General Meeting of Shareholders of "Mosenergo", POSITION).

Additional funds were not involved as a result of placement of issue securities.

Money means and assets transferred in capacity of fee to the authorized capital in accordance with dividing balance sheets will be used for provision of standard activities of the issuer in the field of electric power transmission at the electric power market of Moscow and Moscow Region as well as for implementation of financial and other activities.

The issuer do not place issue securities for financing of a particular transaction (interrelated transactions) or other operations.

2.5. Risks connected with purchase of equity securities placed (or being in the process of placement)

2.5.1. Industry risks

Influence of possible deterioration of the situation in the issuer's sector on its activities and execution of obligations under securities:

The issuer started its economic activities in the second quarter 2005. The basis of the company activities is electric energy transmission to the end user and to adjacent electric grids of other owners, and operation of electric grids on the territory of Moscow and the Moscow region.

The most significant changes in the electric power industry for the issuer are:

- *Changing of tariff policy of electric power transportation that may have an adverse effect on the financial and economic standing of the enterprise.*

According to the issuer, deterioration of the environment in the sector may be connected with:

The operational risks connected with deterioration of the equipment and deterioration of the fixed capital. Possible negative changes in the sector: an opportunity of occurrence of emergencies, loss of reliability of power supply, breaks in manufacture of electric power, decrease in capacity of generating stations.

The issuer's actions for these risks reduction:

- *Reconstruction of operating and construction of new transmission lines, transformer substations and distribution equipment;*
- *Modernization of fixed capital.*

Besides, the issuer is subject to industrial risks:

- *Risk of transition to works with the enforced (accident preventive allowable) cross flow;*
- *Risk of single drastic increase in loading over the planned value on the basis of consumers' applications;*
- *Technical risks connected with operation of the equipment. They are caused by such factors as operation of the equipment with maximum deviations from normative and technical requirements; mistakes of operational personnel; disruption of the dispatching schedule and breach of discipline.*

The issuer's actions to reduce these risks:

The issuer holds analysis of probable risk situations in order to forecast an occurrence of risks at realization of the production program and taking measures on protection against their influence. The main organizational form of reduction and compensation of the damage amount is insurance. Commercial insurance of the property, hazardous industrial objects, vehicles, civil liability, insurance of the personnel against accidents and illnesses, and medical insurance are carried out.

The risks connected with possible change of the prices for raw material, services used by the issuer in its activities (separately in the internal and external markets) and their influence on the issuer's activities and execution of obligations under securities:

The risks connected with increasing prices for the equipment and other material resources used by the issuer in its activities.

The issuer's actions to reduce these risks:

- *Creation of the competitive environment in the sphere of works and services purchasing;*
- *Optimization of expenses for repair and operational needs and capital construction;*
- *Elimination of cross purchases;*

The risks connected with possible change of the prices for products and/or the issuer's services (separately in the internal and external markets) and their influence on the issuer's activities and execution of obligations under securities:

The risks connected with state regulation of tariffs for the electric power, as a result of which they may be established below the economically feasible level.

Possible influence of negative changes: deterioration of the issuer's financial and economic standing.

The issuer's actions to reduce these risks:

- *Carrying out of works on making long-term contracts on electric power transportation;*
- *Carrying out of the balanced financial policy;*
- *Strengthening of works with the state legislative and executive authorities.*

The issuer does not plan to carry out activities on the foreign market, and in this connection the essential negative influence on the issuer's activities may render only global deterioration of the situation in the world fuel and energy market which may also affect Russia.

2.5.2. Country and regional risks

Country risks

Negative changes of the situation in Russia which may affect the issuer's economic situation and its activities are not expected in the near future. But the destabilization of the economic situation in the country connected with the crisis in the world financial markets or sharp reduction of prices is entirely possible. Besides, the destabilization of the situation in the country due to occurrence of labour conflicts, increase of the social tension as a result of unpopular actions of the authorities may take place at realization of reforms in the economic sector.

Regional risks

The issuer was registered as a taxpayer in the Moscow Region. The main industrial activities of the issuer are carried out in Moscow and the Moscow region. This is one of the most developed regions of the country, which rooms a plenty of consumers of the electric power. Thus, the energy consumption constantly grows. All this allows for speaking about the stability of the issuer and its minor susceptibility to regional risks.

The growth of the gross national product and production growth in the country and, in particular, in the most densely populated and historically industrial areas of Moscow and the Moscow region gives grounds for making a positive forecast on the issuer's development. The issuer estimates the political and economic situation in the region as stable. The further improvement in the economic standing of the region will certainly render a positive influence on the issuer's activities and will be favorably reflected in its financial standing. Negative changes of the situation in the region of the issuer's business and in the Russian Federation as a whole which may affect the issuer's activities and economic standing are not expected in the near future.

The issuer's assumed actions in the event of negative influence of change of the situation in the country and region on its activities:

The major part of these risks may not be controlled by the issuer due to their global scale. In case of destabilization of the situation in Russia or in a separate region which may affect the issuer's activities, the latter will take a number of measures on anti-recessionary management for the purpose of the maximal decrease in negative influence of the situation on the issuer.

The risks connected with possible military conflicts, introduction of state of emergency and strikes in the country (countries) and region, where the issuer is registered as the tax bearer and/or carries out primary activities:

The risks connected with possible military conflicts, introduction of state of emergency and strikes with reference to the Russian Federation and the Moscow region are estimated by the issuer as minimal.

The risks connected with geographical features of the country (countries) and region, in which the issuer is registered as the tax bearer and/or carries out primary activities (including the raised danger of acts of nature, possible breaks of the transport communication in connection with a remoteness and/or inaccessibility, etc.):

The issuer carries out the activities in the region with the developed infrastructure and is not subject to the risks connected with breaks of the transport communication in connection with remoteness and/or inaccessibility.

Influence of the specified risks on the issuer's activities with reference to the Russian Federation and the Moscow region is estimated as minimal.

The issuer runs the risks connected with raised danger of acts of nature: breakage of transmission lines during hurricane, a strong snowfall, ice.

The issuer's actions to decrease the influence of these risks are designing of transmission lines in view of features of weather in the region, and insurance.

2.5.3. Financial risks

Susceptibility of the issuer to the risks connected with change of interest rates, exchange rate of foreign currencies, in connection with activities of the issuer or in connection with the hedging which is carried out by the issuer in order to decrease adverse consequences of influence of the above-stated risks:

Within the limits of planned financial and economic policy, the issuer is going to involve various extra means and in due time to carry out repayment of obligations. Hence, the issuer is subject to risk of change of interest rates under interest obligations. This risk is estimated as small.

The primary clients who carry out transportation of the electric power are residents of the Russian Federation; the prices for transportation of the electric power are also expressed in the currency of the Russian Federation. In this connection the issuer is poorly subject to risks of change of exchange rates of foreign currencies.

Susceptibility of the issuer's financial standing (its liquidity, sources of financing, results of activities, etc.) to the exchange rate change:

The issuer's financial standing, its liquidity, sources of financing, results of activities depend on changes of the rate of exchange, because the issuer's activities are planned to be carried out so that its assets and liabilities are expressed in the national currency. Besides, the issuer does not plan to carry out activities on the foreign market. Therefore, the influence of change of the rate of national currency in relation to US dollar on the issuer's financial standing is estimated as insignificant.

The issuer's assumed actions in case of negative influence of change of the exchange rate and interest rates on the issuer's activities:

Susceptibility of the issuer to the risk of change of the exchange rate of foreign currencies is estimated by the issuer as insignificant, because the issuer's all obligations are expressed in the currency of the Russian Federation.

The issuer runs the risk of change of interest rates. In case of interest rates increase, the expenses for servicing extra means will also go up.

The issuer's assumed actions in case of negative influence of the interest rates change on its activities:

- ***Attraction of long-term credits and loans in order to avoid a negative influence of short-term fluctuations of interest rates;***
- ***Decrease in the share of credits and loans in the issuer's current assets.***

Influence of inflation:

A negative impact of inflation on the issuer's financial and economic activities may be limited to the following risks:

- ***Risk of the losses connected with losses in real value of debt receivable at an essential debt rescheduling or a delay in payment;***
- ***Risk of increase in interest payable;***
- ***Risk of increase of the production cost of goods, products, works, services due to an increase in the price for energy, transport charges, wages, etc.;***
- ***Risk of reduction of real value of means under the investment program.***

The critical value of the inflation, in opinion of the issuer:

The scheduled rates of inflation established by the Government of the Russian Federation among the purposes of the economic policy, as a whole, are fulfilled and tend to reduction. Nevertheless, at escalation of inflation, the issuer plans to raise the turnover rate of current assets due to changing contractual relations with consumers. In view of the fact that there is a restriction on raising of the issuer's tariffs on electric energy transmission within the limits of no more than 15-25% a year, and potential profitability of activities, in opinion of the issuer, the value of inflation which are a matter of difficulties for the issuer is at least 40% per annum.

The issuer's assumed actions to reduce the risk caused by inflation:

If the value of inflation exceeds the specified critical values, the issuer plans to increase a share of short-term financial instruments in its assets, and to hold actions to reduce internal costs.

The indicators of the issuer's financial reporting which are most subject to changes as a result of the specified financial risks' influence:

The main indicator which is most subject to changes connected with financial risks, is the company profit. Along with a growth of interest rates, the interest payments for using credits of commercial banks increase and, accordingly, the company profit decreases. Besides, the profit does down at an increase in the cost price of electric power transportation and fixing of tariffs at the legislative level.

The risks influencing the specified indicators of the issuer's financial reporting and probability of their occurrence:

A substantial growth of interest rates and, as a consequence, growth of expenses for service of the issuer's debts.

The probability of their occurrence is estimated as low.

2.5.4. Legal risks

The legal risks connected with the issuer's activities:

Changes of the currency regulation:

Changes of the currency and customs legislation of the Russian Federation do not influence the Company activities and, hence, do not entail occurrence of legal risks on them.

Changes of the tax laws:

Now the Government of the Russian Federation pursues a policy of decrease in tax load on the Russian tax bearers. In this connection, amending the tax laws regarding an increase in tax rates is not expected in the near future.

This risk is considered as insignificant.

In order to minimize the risk of wrong calculation and/or payment of the taxes caused the varying treatment of norms of the legislation, the Company holds a permanent work on optimization of tax schemes of calculation of tax base in strict compliance with the current legislation of the Russian Federation.

In case of amending the operating procedure and terms of the taxation, the issuer aims to plan the financial and economic activities taking in account these changes.

Changes of rules of the customs control and duties:

Changes of rules of the customs control and duties which may create legal risks connected with the issuer's activities are not expected.

Changes of requirements on licensing the issuer's primary activities issuer or licensing rights to use objects, the availability of which is limited (including natural resources):

Changes of requirements on licensing the Company primary activities may lead to an increase in the term of preparation of the documents which are necessary for prolongation of the validity of the license, and necessity of the compliance with the requirements established. However, as a whole, this risk should be considered insignificant, except for the cases when the requirements will be set which cannot be met by the Company, or the compliance with which will be connected with excessive expenses for prolongation of the license or for realization of the activities which are subject to licensing, that may lead to the termination of this activities line.

In case of change of requirements on licensing the primary activities of the issuer or licensing of rights to use objects, the availability or circulation of which is limited, the issuer will take necessary measures to obtain the respective licenses and permits.

Changes of the judiciary practice connected with activities of the issuer (including concerning license granting):

The probability of change of judiciary practice concerning the items connected with the Company activities is insignificant. The legal risk management is based on optimization of the process of legal official registration of papers and support of activities of the Company. For minimization of legal risks, any Company business processes subject to risks (for example, the completion of contracts), pass obligatory legal examination.

In case of amending judiciary practice on the issues connected with the issuer's activities, the issuer will plan the financial and economic activities taking into account these changes.

In connection with the fact that the issuer does not plan to hold activities on foreign markets, the analysis of influence of the legal risks connected with the issuer's activities on foreign markets is not provided.

2.5.5. Risks connected with the issuer's activities

The risks which are peculiar exclusively to the issuer:

There is a risk of a delay in reception of the licenses which are necessary for realization of certain kinds of the company activities in connection with changes of the legislation in the field of license granting with coming in effect of the Federal Law as of 2 July 2005 No. 80-FZ (80-Φ3) "Amending the Federal Law "On granting licenses for certain activities", the Federal Law "Protection of rights of

legal entities and individual businessmen at carrying out the state control (supervision)" and the Administrative Offences Code of the Russian Federation".

The issuer estimates risk of non-prolongation of the effect of the issuer's license for holding a certain line of activities or for use of objects, the availability of which is limited (including natural resources) as insignificant.

The possible responsibility of the issuer under debts of the third parties also does not render much influence on the issuer's financial standing.

The possibility of loss of consumers, the turnover with which is at least 10 percent of the total proceeds from products (works, services) is regarded by the issuer as insignificant.

The issuer does not run the risks connected with a seasonal nature of consumption of electric energy

There are no other risks connected with activities of the issuer, which are peculiar exclusively to the issuer.

This section 2.5 describes only the risks which, in the issuer's opinion, are material. There may be other risks which were not included in this section. Other risks the issuer is unaware of, or which are now not material for the issuer, may have a potential negative impact on the issuer's economic activities.

III. Detailed information on the issuer

3.1. Issuer's establishment and development history

3.1.1. Data on the issuer's name

The issuer's full company name:

Open Joint-Stock Company "Moscow Regional Electric Grid Company"

The issuer's shortened company name:

OPOSITION "Moscow Regional Electric Grid Company"

Full and shortened company names of the issuer are similar to Name of another legal entity established as a result of reorganization of "Mosenergo", POSITION which is "Moscow City Electric Grid Company", POSITION.

Company name of the issued is not registered as a trademark or service mark.

During its existence, the issued has not changed the company name.

3.1.2. Data on the state registration of the issuer

Primary state registration number of the legal entity (PSRN): **1057746555811**

Date of state registration: **1 April 2005**

Name of registering body according to the data specified in the certificate on making an entry in the Uniform State Register of Legal Entities: **Interdistrict Inspection of the Federal Tax Service no. 46 in Moscow.**

3.1.3. Data on the issuer's creation and development

Time of existence of the issuer from the date of its state registration (1 April 2005) is 9 months.

The issuer was established for an indefinite time.

The brief description of the history of the issuer's creation and development:

The issuer was created as a result of reorganization of "Mosenergo", POSITION in the form of spin-off (Minutes No.1 of 29 June 2004 of the Annual General Meeting of Shareholders of "Mosenergo", POSITION).

The Company is a legal successor with regard to a part of the rights and duties of OAO Mosenergo according to the separation balance sheet of OAO Mosenergo approved by the annual General Meeting of Shareholders of OAO Mosenergo (Minutes No. 1 as of 29 June 2004)

The purpose of creation of the issuer: ***according to the issuer's Charter (item 3.1. Article 3), the main purpose of the Company's activities is profit making.***

According to the issuer's Charter (item 3.2. Article 3), the Company's activities are as follows:

- ***rendering services on gathering, transmission and processing of the technological information, including the measurements and registration;***
- ***rendering services on connection to electric grids;***
- ***rendering services on collection, transmission and proceeding of the technical information including data of measurements and account;***
- ***diagnostics, operation, repair of electric grids and other objects of electric grid facilities as well as technical management by them;***
- ***diagnostics, operation, repair of technological communication networks, means of measurements and calculation, equipment of relay protection and emergency preventive automatics and other technological equipment connected with operation of grid facilities and technological management by them;***
- ***development of long-term forecasting, perspective and current plans of development of the electric grid complex, target complex scientific and technical, economic and social programs;***
- ***development of electric grids and other electric grid facilities including designing, engineering researches, construction, reconstruction, modernization, installation and adjustment;***
- ***operation of explosive, chemically and fire-dangerous industrial objects connected with functioning of electric grid facilities;***
- ***activities for prevention and extinguishing of fires, installation, repair and servicing of means of maintenance of fire safety of buildings and constructions connected with functioning of electric grid facilities;***
- ***realization of the technological control, carrying out of examination of industrial safety and labour safety at electric grid facilities;***
- ***storage of oil products used for the technological purposes;***
- ***realization of foreign trade activities, trade and economic and scientific and technical cooperation with foreign firms, in order to support the Company activities stipulated by its Charter;***
- ***educational activity for the purpose of preparation, retraining and training of the personnel, including examination by the personnel of rules of technical operation, fire prevention rules, and other normative documents;***
- ***transportation of cargoes and passengers by automobile, railway and air vehicles for the technological purposes;***
- ***operation, maintenance works and repair of automobile, railway and air vehicles and the load-lifting mechanisms used for the technological purposes;***
- ***security activities exclusively in interests of own safety within the limits of security service created by the Company which in its activities is guided by the Law of the Russian Federation "On private detective and security activities in the Russian Federation" and the current legislation of the Russian Federation;***
- ***organization and carrying out of defensive actions concerning mobilization preparation, civil defense, extreme situations and protection of the state secret information, according to the current legislation of the Russian Federation;***
- ***other lines of activities which are not forbidden by the legislation of the Russian Federation.***

The Company may be engaged in certain kinds of activities defined by federal laws only on the basis of a special permit (license).

The issuer's mission: *the issuer's mission is not defined by the issuer's internal documents.*

Other information on the issuer's activities which is important at taking a decision on the issuer's securities purchasing: *none.*

3.1.4. Contract information

The location of the issuer: *142100, Moscow region, Podolsk city, Ordzhonikidze street, 27*

The location of the issuer's constantly operating executive body:

115114, Moscow, 2nd Paveletsky passage, 3, bld. 2

Contact telephone numbers of the issuer: *(095) 980-12-80;*

Fax number: *(095) 980-12-55;*

Email: *TomichevichVD@ocb.moek.mosenergo.elektra.ru*

The Internet website where the information on the issuer and the securities issued by it is available:
www.moesk.ru

The functions of the issuer's special division for works with shareholders and investors are assigned to the Department for Corporate Management and Relations with Shareholders of OPOSITION "Moscow Regional Electric Grid Company"

Location: *115114, Moscow, 2nd Paveletsky passage, 3, bld. 2*

Telephone numbers: *(095) 980-12-64, 980-12-65*

Fax number: *(095) 585-14-74*

Email: *SobakinaTV@ocb.moek.mosenergo.elektra.ru*

The Internet site: www.moesk.ru

3.1.5. Tax identification number

TIN 5036065113

3.1.6. Branches and representative offices of the issuer

<i>Name of the representative office/ branch</i>	"Southern Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	115201, Moscow city, Kashirskoe Shoxsse Street, 18
<i>Full name of the director of the representative office/ branch,</i> <i>Term of the effect of the power of attorney</i>	Alexander Igorevich Raev Term of the effect of the power of attorney: Till 31 December 2006 No. 52-D of 27 July 2005

<i>Name of the representative office/ branch</i>	"Eastern Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	107140, Moscow city, Nizhnaya Krasnoselskaya Street, 1
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Korchak Vadim Mikhailovich Term of the effect of the power of attorney: Till 31 December 2006 No. 47-D of 27 July 2005

<i>Name of the representative office/ branch</i>	October Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	127254, Moscow city, Rustaveli Street, 2
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Mazurov Andrey Isaevich Term of the effect of the power of attorney: Till 31 December 2006 No. 48-D of 27 July 2005

<i>Name of the representative office/ branch</i>	"Northern Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	141070, Moscow region, Korolev city, Gagarina street, 4
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Bodyakin Valentin Mikhailovich Term of the effect of the power of attorney: Till 31 December 2006 No. 3-D of 11 January 2006

<i>Name of the representative office/ branch</i>	Noginsk Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	142400, Moscow Region, Noginsk city, Radchenko Street, 13
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Danilkin Leonid Nikolaevich

<i>Name of the representative office/ branch</i>	Noginsk Electric Grids
	Term of the effect of the power of attorney: Till 31 December 2006 No. 46-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Podolsk Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	142117, Moscow Region, Podolsk city, Kirova Street, 65
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Filipov Alexander Nikolaevich Term of the effect of the power of attorney: Till 31 December 2006 No. 56-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Kolomna Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	140408, Moscow Region, Kolomna city, Oktyabrskoy Revolyutsii Street, 381A
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Nagin Alexander Vasilievich Term of the effect of the power of attorney: Till 31 December 2006 No. 50-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Shatura Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	140700, Moscow Region, Shatura city, Sportivnaya Street, 12
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Smirnov Vladimir Alexeevich Term of the effect of the power of attorney: Till 31 December 2006 No. 53-D of 27 July 2005

<i>Name of the representative office/ branch</i>	East Electric Grids
<i>Date of opening</i>	1 April 2005

<i>Name of the representative office/ branch</i>	East Electric Grids
<i>Location</i>	119992, Moscow city, 1812 Goda Street, 15
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Yakunin Alexander Igorevich</i> <i>Term of the effect of the power of attorney:</i> <i>Till 31 December 2006</i> No. 64-D of 27 August 2005

<i>Name of the representative office/ branch</i>	Kashira Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	142900, Moscow Region, Kashira city, Klubnaya Street, 4
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Varfolomeev Alexander Semenovich</i> <i>Term of the effect of the power of attorney:</i> <i>Till 31 December 2006</i> No. 45-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Mozhaysk Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	143200, Moscow Region, Mozhaysk city, Mira Street, 107
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Boyar Alexander Mikhailovich</i> <i>Term of the effect of the power of attorney:</i> <i>Till 31 December 2006</i> No. 44-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Dmitrov Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	141800, Moscow Region, Dmitrov city, Kosmonavtov Street, 27
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Shitin Vladimir Alexeevich</i> <i>Term of the effect of the power of attorney:</i> <i>Till 31 December 2006</i>

<i>Name of the representative office/ branch</i>	Dmitrov Electric Grids
	No. 124-D of 25 November 2005

<i>Name of the representative office/ branch</i>	Volokolamsk Electric Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	143600, Moscow Region, Volokolamsk city, Novosoldatskaya Street, 58
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Malakhov Vladimir Antonovich Term of the effect of the power of attorney: Till 31 December 2006 No. 49-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Moskabelenergoremont (MKER)
<i>Date of opening</i>	1 April 2005
<i>Location</i>	115522, Moscow city, Moskvorechye Street, 14B
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Panin Sergey Alexandrovich Term of the effect of the power of attorney: Till 31 December 2006 No. 54-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Electric Technical Equipment Repair Plant (RETO)
<i>Date of opening</i>	1 April 2005
<i>Location</i>	152201, Moscow city, Starokashinskoe Shosse Street, 4A
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Vasilyev Alexander Petrovich Term of the effect of the power of attorney: Till 31 December 2006 No. 43-D of 27 July 2005

<i>Name of the representative office/ branch</i>	Moskabelsetmontazh (MKSM)
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<i>Name of the representative office/ branch</i>	Moskabelsetmontazh (MKSM)
<i>Date of opening</i>	1 April 2005
<i>Location</i>	115114, Moscow city, 2nd Paveletsky passage, 4/6 bld.2
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Artamonov Vlasimir Sergeevich Term of the effect of the power of attorney: Till 31 December 2006 No. 41-D of 27 July 2005

<i>Name of the representative office/ branch</i>	High-Voltage Cable Grids
<i>Date of opening</i>	1 April 2005
<i>Location</i>	107140, Moscow city, Nizhnyaya Krasnoselskaya Street, 6, bld.1
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Trakhtenberg Gennady Emmanuilovich Term of the effect of the power of attorney: Till 31 December 2006 No. 55-D of 27 July 2005

The Board of Directors (Minutes No.9 dated 20 September 2005) adopted the decision on liquidation of Magistral Electric Grids, a branch of the Company.

3.2.1. Issuer's industry

Codes of the main kinds of economic activities of the issuer under the All-Russian Classifier of Economic Activities (OKVED): 40.10.2 28.11 31.10.9 31.20 31.20.9 31.62.9 33.20 40.10.3 41.00 45.11 45.2 45.3 45.4 55.12 55.23 55.51 60.10 63.12 63.21.2 63.40 64.20 70.12 70.20 90.00

3.2.2. Issuer's main economic activities

In the considered reporting period, information is not provided.

3.2.3. Main kinds of production (works, services)

In the considered reporting period, information is not provided.

3.2.4. Issuer's suppliers who supply not less than 5 percent of all commodities and materials with pointing of their stake in total supplies

In the considered reporting period, information is not provided.

3.2.5. Sales markets of the issuer's products (works, services)

The main markets on which the issuer carries out its activities:

In accordance with the aims of establishment, the issuer carried out its major activities on rendering services in transmission of electric energy for fee in Moscow city and Moscow Region where it the largest organization in the field is.

Possible factors which may negatively influence selling of production (works, services) by the issuer, and the issuer's possible action aimed at reduction of the influence:

Main factors which may negatively influence selling of production (works, services) by the issuer are incomplete and not timely payment for services on main activities and occurrence of accidents at the issuer's electric grids.

In order to reduce the influence of negative factors on the issuer's activities, the primary goals are: widening of the market of service selling; optimization of production processes. Reduces of costs for electric energy transmission; building and modernization of equipment with usage of advances technologies.

3.2.6. Issuer's licenses

As of 31 December 2005, the issuer disposes of the following special permits (licenses):

1. Number: *No. EE-00-005288 (E);*

Date of issue: *18 April 2005;*

Period of validity: *Till 18 April 2010;*

Authority that issued the special permit (licens): *Federal Service for Ecological, Technological and Atomic Supervision;*

Business line: *operation of electric grids (accepting, transmission and distribution of electric energy; technical maintenance and repair of electric grids).*

2. Number: *No. ET-00-005244 (K);*

Date of issue: *12 April 2005;*

Period of validity: *12 April 2010;*

Authority that issued the special permit (license): *Federal Service for Ecological, Technological and Atomic Supervision;*

Business line: *operation of electric grids (accepting, transmission and distribution of electric energy; technical maintenance and repair of electric grids).*

3. Number: *No. HN-02-000430 (X);*

Date of issue: *24 June 2005;*

- Period of validity: *Till 24 June 2010;*
Authority that issued the special permit (license): *Federal Service for Ecological, Technological and Atomic Supervision;*
Business line: *oil, gas and conversion products storage.*
4. Number: *No. 1/08123;*
Date of issue: *8 July 2005;*
Period of validity: *Till 8 July 2010;*
Authority that issued the special permit (license): *The Central Administration of The RF-EMERCOM State Fire-Fighting Service;*
Business line: *activities on fire prevention and fighting.*
5. Number: *No. 2/13373;*
Date of issue: *8 July 2005;*
Period of validity: *till 8 July 2010;*
Authority that issued the special permit (license): *The Central Administration of the RF-EMERCOM State Fire-Fighting Service;*
Business line: *manufacturing of works on assembling, repair and servicing of fire safety devices of buildings and structures.*
6. Number: *No. 3/01238;*
Date of issue: *17 June 2005;*
Period of validity: *till 17 June 2010;*
Authority that issued the special permit (license): *The Central Administration of the RF-EMERCOM State Fire-Fighting Service;*
Business line: *maintenance of fire-hazardous industrial facilities.*
7. Number: *No. GS-1-50-02-27-0-5036065113-028482-1;*
Date of issue: *12 September 2005;*
Period of validity: *Till 12 September 2010;*
Authority that issued the special permit (license): *The Federal Agency for Construction and Housing and Communal Services;*
Business line: *construction of buildings and structures of I and II responsibility levels in accordance with the state standards.*
8. Number: *No. GS-1-50-02-26-0-5036065113-028481-1;*
Date of issue: *29 August 2005;*
Period of validity: *Till 29 August 2010;*
Authority that issued the special permit (license): *The Federal Agency for Construction and Housing and Communal Services;*
Business line: *construction of buildings and structures of I and II responsibility levels in accordance with the state standards.*

9. Number: *No. 001162-R;*

Date of issue: *26 July 2005;*

Period of validity: *26 July 2010;*

Authority that issued the special permit (license): *The Federal Technical Regulation and Metrology Agency;*

Business line: *activities on measurement devices repairing.*

The issuer plans to obtain a number of additional special permits (licenses) which are necessary for its normal functioning.

The issuer's forecast on a probability of prolongation of a special permit (license):

The issuer estimates the risk of non-prolongation of the available special permits (licenses) as minimal.

3.2.7. Issuer's joint activities

The issuer is not engaged in the joint activities with other organizations.

3.2.8. Additional requirements to the issuers which are joint-stock investment funds, insurance or credit organizations, and mortgage agents

Information is not provided as the issuer is not a joint-stock investment fund or a insurance organization.

3.2.9. Additional requirements to the issuers, the primary activities of subsidiaries and dependent companies of which are extraction of minerals

The information is not presented, as the issuer does not carry out extraction of minerals, including extraction of precious metal and jewel, and has no subsidiaries or dependent entities which conduct activities on extraction of the specified minerals.

3.2.10. Additional requirements to the issuers, the primary activities of which are rendering communication services

The information is not presented, as the issuer's primary activities do not include rendering communication services.

3.3. Issuer's plans of the future activities

The brief description of the issuer's plans concerning the future activities

In conformity with the Charter, the main goal of the issuer's activities is profit making. On this basis, the issuer plans to continue works in the field of the primary activities - electric energy transmission.

As may be necessary, in the event of a growth of loading and deterioration, activities on re-equipment and reconstruction of the fixed assets will be held.

The sources of the future incomes:

OPOSITION "Moscow Regional Electric Grid Company" plans the following sources of incomes:

- *Transmission and distribution of electric energy;*
- *Incomes from leasing out buildings and constructions;*
- *Technological connection to electric networks;*
- *Other incomes.*

Plans of the organization of new production, expansion or reduction of production, development of new kinds of products, re-equipment and reconstruction of the fixed assets:

OPOSITION “Moscow Regional Electric Grid Company” foresees to carry on works on reconstruction and technical re-equipment of acting electric grids and corresponding equipment in future.

IN future, investments are technically aimed at replacement of existing depreciated equipment for new high-productive advanced ones.

Possible changing of primary activities.

The issuer's activities are connected with the electric power transmission. The issuer does not plan to change primary activities.

3.4. Participation of the issuer in industrial, bank and financial groups, holdings, concerns and associations

The issuer affiliates the holding OAO RAO «UES of Russia».

The term of affiliation of the issuer in the holding:

Starting from 1 April 2005 (the date of state registration of the issuer).

3.5. Issuer’s subsidiaries and dependent economic companies

The issuer has no subsidiaries and dependent economic companies.

3.6. Composition, structure and value of the issuer’s fixed assets, information on plans for the fixed assets purchase, replacement, retirement, and all facts of the issuer's fixed assets encumbrance

3.6.1. Fixed assets

Information on the initial (recovery) value of fixed assets in the amount of the accrued depreciation:

In the considered reporting period, information is not provided.

Starting from the date of the state registration of the issuer as a legal entity (1 April 2005), re-evaluation of fixed and long-term borrowed fixed assets has not been carried out.

Information on the method of amortization under the fixed asset objects: ***Amortization under the fixed asset objects is made by linear way, proceeding from the terms of efficient application of these objects.***

Plans for purchase, replacement, retirement of the fixed assets, the value of which is at least 10 percent of the issuer’s fixed assets value and other fixed assets under the discretion of the issuer:

The issuer currently has no plans for purchase, replacement, retirement of the fixed assets, the value of which is at least 10 percent of the issuer’s fixed assets value and other fixed assets under the discretion.

IV. Data on the issuer's financial and economic activities

4.1. Results of the issuer's financial and economic activities

4.1.1. Profit and loss

In the considered reporting period, information is not provided.

4.1.2. Factors which influence changing of the amount of proceeds from selling by the issuer of the issuer's goods, products, works, services and profit (loss) from the primary activities

In the considered reporting period, information is not provided.

4.2. Issuer's liquidity, sufficiency of the equity and working capital

In the considered reporting period, information is not provided.

4.3. Amount and structure of the issuer's equity and working capital

4.3.1. Amount and structure of the equity and working capital

a) amount of the issuer's authorized capital, RUR: **14,124,679,850 (Fourteen billion, one hundred and twenty four million, six hundred and seventy nine thousand, eight hundred and fifty).**

The amount of authorized capital provided for in the paragraph corresponds with the issuer's Charter.

b) total cost of stocks (shares) of the issuer purchased by the issuer for repurchase (transmission) with pointing of percent of the stocks (shares) from outstanding shares (authorized capital) of the issuer: **there are no such stocks (shares)**

c) amount of the issuer's reserve operating surplus, RUR: **till final forming of accounting report, it is not available**

d) amount of additional capital of the issuer reflecting additions revealed as a result of reevaluation as well as sum of difference between selling value (offering price) and par value (stake) of the company by means of selling of stocks (shares) at price exceeding the par price, RUR: **till final forming of accounting report, it is not available**

e) amount of undistributed net profit of the issuer: **it is not available in this reporting period**

e) amount of the issuer's earmark funds including amount of funds for implementation of purpose measures, funds from other organizations and persons, budget funds, etc., RUR: *till final forming of accounting report, it is not available*

f) total amount of the issuer's capital: *it is not available in this reporting period*

Structure and amount of the issuer's working assets in accordance with the accounting reports: *till final forming of accounting report, it is not available*

Sources of financing of the issuer's working assets: *own assets, borrowings, loans*

The issuer's policy towards financing of working assets as well as factor which may lead to changes in the policy towards financing of working assets and evaluation of possibility of their occurrence:

OPOSITION "Moscow Regional Electric Grid Company" uses both own sources of financing of current assets, and extra sources. The own sources are enough for realization of the current financial and economic activities; however, the company also uses extra sources in order to provide an effective realization of the investment program. The current assets financing policy is based on principles of minimization of loans value, availability of credit resources, maximization of the company profit, etc. Formation of the delayed debt (i.e. breaking the terms of the contracts concluded by the issuer regarding the terms of transfer of money resources) is not allowed.

The issuer does not project an occurrence of factors which may entail changes in the policy of financing of the current assets.

4.3.2. Issuer's financial investments

In the considered reporting period, information is not provided.

4.3.3. Issuer's intangible assets

In the considered reporting period, information is not provided.

4.4. Data on the issuer's policy and expenses in the field of scientific and technical development, licenses and patents, new development and research.

Provided that the issuer was registered as a legal entity on 1 April 2005, the policy of the issuer in the field of scientific and technical development and expenses for implementation of scientific and technical development by means of own funds is not available as of the end of the IV quarter 2005.

The issuer neither created nor got the legal protection of the main objects of the intellectual property.

There were no risk factors connected with the possibility of the validity expiration of the basic patents and licenses for trade marks use.

4.5. Analysis of tendencies of development in the sphere of the issuer's primary activities

Main tendencies of development of the field of economics in which the issuer carried out its main activities: during either last five completed financial years or each completed financial year in case the

issuer carries out its activities less than five years as well as main factors which may influence state of the industry:

Electric energy is one of the case industries of the economics as a part of fuel and energy complex (FEC). Its share in the gross domestic product is 10-11%. As other sectors of the FEC, electric power industry is currently characterized by dominating position in the sphere of production.

Electric energy sector of Russia in 2001-2004

<i>Year</i>	<i>Electric energy production, kW/h billion</i>		
	<i>Total</i>	<i>Including OAO RAO «UES of Russia»</i>	<i>Including Mosenergo</i>
<i>2001</i>	<i>890.8</i>	<i>626.8</i>	<i>71.4</i>
<i>2002</i>	<i>889</i>	<i>617.4</i>	<i>71.2</i>
<i>2003</i>	<i>916.3</i>	<i>635.8</i>	<i>75.1</i>
<i>2004</i>	<i>931</i>	<i>651.9</i>	<i>72.7</i>

Source: OAO RAO «UES of Russia»; “Mosenergo”, POSITION, Goskomstat RF (Federal State Statistics Service)

As it appears from the mentioned data, production of electric energy at electric stations of Russia increased in 2004 by 4.5% in comparison with the year 2001 (by 4% at enterprises of OAO RAO «UES of Russia»).

Nevertheless, in spite of growth of production and tariffs, energy companies go through a serious lack of means necessary for implementation of repair and modernization of depreciating equipment. In 1998 OAO RAO «UES of Russia» started development of the program of reformation of the industry fro involvement of investment and creation of investment-attractive industry. Main principles of reformation were provided for by the Main directions of electric energy reformation in Russia approved by the Order of the Government on 11 July 2001 No.526. On 29 May 2003, the Board of Directors of OAO RAO “UES of Russia” approved the “5+5” Strategy Concept of OAO RAO “UES of Russia” which determined and specified aims and purposes of the reformation.

The result of started transformations are, as follows:

- *Forming and sound functioning of Federal Wholesale Electric Power Market (FOREM);*
- *Sound operation of “FGC UES”, POSITION and “SO-CDU UES”, POSITION;*
- *Reformation of regional energy companies in accordance with base principle of reorganization of AO-energy by spin-off of new joint-stock companies with proportional allotment of shares of the created companies among their shareholders. Generating, grid, selling assets are allocated at separate companies;*
- *Start of forming of wholesale generating companies on the base of large federal stations belonging to OAO RAO “UES of Russia” and AO-energo;*
- *Continuation of forming of regional grid, distributive and selling companies.*

Main factors which may influence the state of the industry:

During the last five years, one can point out the following tendencies specific for the industry in whole:

- *Significant increase in electric energy consumption from the beginning of the 90th and corresponding increase in production of heat and electric energy;*
- *Increase in payment discipline of consumers of heat and electric energy;*
- *Improvement of financial results of energy companies activities;*
- *Improvement of the balance structure of regional energy grids;*
- *Reduction of the cross-subsidy level;*
- *Depreciation of the main equipment (electric stations, electric and heat grids) of energy companies, lack of investment resources for maintenance of generating capacities.*

General assessment of results of activities of the issuer in the industry, evaluation of correspondence of results of activities of the issuer with tendencies of development of the industry, as well as the reasons proving the received results of the activities:

Due to short-term activities of the issuer (the issuer was registered as a legal entity on 1 April 2005 and started independent business activities only in the II quarter 2005), evaluation of results of activities of the issuer and its correspondence with tendencies of development of the industry is not possible.

Factors and conditions which may influence activities of the issuer and results of activities as well as forecast regarding duration of the pointed factors and conditions:

Factors and conditions influencing activities of the issuer are, as follows:

- *A significant level of state regulation in the industry including regulation of tariffs for heat and electric energy;*
- *Increase in electric energy consumption in the place of location of the issuer;*
- *Increase in payment discipline of consumers of heat and electric energy;*
- *Reduction of the cross-subsidy level;*
- *Depreciation of the main equipment of the issuer, lack of investment resources for maintenance of transmission capacities.*

The energy reform may also be considered a factor of uncertainty under the issuer's development variation forecasting.

Action of the factors will influence activities of the issuer during future several years.

Measures carried out by the issuer and measures the issuer plans to carry out in future to use the factors and conditions effectively are, as follows:

- *Modernization of fixed assets;*
- *Prevention of violations in payment discipline by contractors;*
- *Provision of permanent increase in effectiveness of all branches of the issuer's production chain.*

Methods carried out by the issuer and methods the issuer plans to carry out in future to reduce the negative effect of factors and conditions influencing its activities:

- *Development of modern system of transmission and distribution of electric energy;*
- *Reduce of electric energy losses;*
- *Strengthening of financial control and implementation of the program for reduce of costs.*

Significant events/factors which may most negatively influence ability of the issuer to get the same high or higher results in future in comparison with the results received in the last reporting period as well as possibility of the events (occurrence of factors):

Significant events/factors which may most negatively influence ability of the issuer to get the same high or higher results in future are, as follows:

- *Fall of living standards;*

- *Growth of competitiveness;*
- *Growth of cost of raw materials and equipment.*

The issuer evaluates possibility of occurrence of the factors as low regarding first two factors. The possibility is high concerning cost of raw materials and materials.

Information on main existing and assumed competitors of the issuer concerning main kinds of activities:

In accordance with the "5+5" Strategy Concept of OAO RAO "UES of Russia" for 2003-2008, independent competitive companies will be established at every segment of electric energy market of Russia (generation, transmission and selling). In the Moscow Region, most possible competitor of the issuer will be POSITION "Moscow city Electric Grid Company". In future, occurrence of other players at the electric energy transmission market is possible.

List of factors of the issuer's competitive ability with description of their influence over competitiveness of the production (works, service) according to the issuer:

Due to short-term activities of the issuer (the issuer was registered as a legal entity on 1 April 2005 and started independent business activities only in the II quarter 2005), evaluation factors of the issuer's competitive ability is not possible.

Significant events/factors which may improve results of the issuer's activities and possibility of their occurrence as well as their duration:

There are no obvious factors which may improve main activities of the issuer which is electric energy transmission.

Opinions of the issuer's management bodies concerning the presented information are identical.

V. Detailed data on the persons that form part of the issuer's governance bodies, bodies of the issuer undertaking control over its financial and economic activities, and brief data on the staff (employees) of the issuer

5.1. Data on structure and competence of the issuer's governance bodies

A comprehensive description of the issuer's governance bodies in accordance with the issuer's Charter (documents of incorporation):

The governance bodies of the issuer (hereinafter referred to as the Company) in accordance with its Charter (paragraph 9.1. of article 9) are, as follows:

- *General Meeting of Shareholders;*
- *Board of Directors;*
- *General Director.*

General Meeting of Shareholders is the highest governance body of the issuer.

The competence of the issuer's General Meeting of Shareholders in accordance with its Charter.

The issues which fall within the competence of the General Meeting of Shareholders shall not be delegated for decision to the Company Board of Directors or General Director (item 10.3., Article 10, the issuer's Charter).

In accordance with item 10.2 of the issuer's Charter, the competence of the issuer's General Meeting of Shareholders includes the following issues:

- 1) amending of the Charter and approval of the revised Charter;*
- 2) restructuring of the Company;*
- 3) liquidation of the Company; appointment of the liquidation commission and the approval of the interim and final liquidation balances;*
- 4) determination of the quantity, par value, category (type) of the declared shares and the rights provided by these shares;*
- 5) increase of the authorized capital by an increase of the par value of shares or by a placement of additional shares;*
- 6) reduction of the Company authorized capital by a reduction of the par value of the shares, through the acquisition by the Company of a part of shares in order to reduce their total amount, or by repayment of the shares redeemed or acquired by the Company;*
- 7) fractioning and consolidation of the Company shares;*
- 8) making the decision on the placement by the Company of bonds converted into shares and other equity securities convertible into shares;*
- 9) election of the members of the Board of Directors and the early termination of their powers;*
- 10) election of the members of the Auditing Committee of the Company and the early termination of their powers;*
- 11) approval of the Company Auditor;*
- 12) making the decision on the transfer of powers of the Company sole executive body to the managing organization (managing director) and on the early termination of his/her powers;*
- 13) approval of annual reports, annual accounting reports, including the Company income statements, and distribution of its profit (including payment (declaring) of dividends, except for the profit distributed as a dividend following the results of the first quarter, half a year, nine months of the financial year) and the Company loss following the results of the financial year;*
- 14) payment (declaring) of dividends following the results of the first quarter, half a year, nine months of the financial year;*
- 15) determination of the procedure for holding the Company General Shareholder Meeting;*
- 16) making the decision on the approval of transactions in cases envisaged by Article 83 of the Federal Law "On Joint-stock Companies";*
- 17) making the decision on the approval of large transactions in cases envisaged by Article 79 of the Federal Law "On Joint-stock Companies";*
- 18) making the decision on the participation in financial and industrial groups, associations and other unions of for-profit organizations;*
- 19) approval of the internal documents regulating the activities of the Company bodies;*
- 20) making the decision on payment remuneration and/or compensation to the members of the Company Auditing Committee;*
- 21) making the decision on payment of remuneration and/or compensation to the members of the Company Board of Directors;*
- 22) solution of other issues envisaged by the Federal Law "On Joint-stock Companies".*

The competence of the issuer's Board of Directors in accordance with its Charter.

In accordance with item 15.1 of the issuer's Charter, the Company Board of Directors carries out general management of the Company activities, except for the decision of issues which are referred by the Federal

Law “On Joint-stock Companies” and the Charter to the competence of the General Meeting of Shareholders.

The Company Board of Directors’ competence includes the following issues:

- 1) setting the priority directions of the Company activities;
- 2) convocation of the Company annual and extraordinary general shareholder meetings, except for the cases stipulated by item 14.8 of Article 14 of this Charter;
- 3) Approval of the Company general shareholder meeting agenda;
- 4) election of the secretary of the Company general shareholder meeting;
- 5) determining of the date of drawing up the list of persons entitled to participate in the Company general shareholder meeting, and solution of other issues connected with preparation and carrying out of the Company general shareholder meeting;
- 6) submission for the decision of the Company general shareholder meeting of issues envisaged by subparagraphs 2,5,7,8,12-20 of Item 10.2 of Article 10 of this Charter, as well as on the reduction of the Company authorized capital through the reduction of the par value of the shares;
- 7) placement by the Company of bonds and other equity securities except for the cases stipulated by the legislation of the Russian Federation and this Charter;
- 8) approval of the resolution authorizing issuance of securities, prospectus for securities, and report on the results of the securities issuance, approval of the reports on the results of the shares acquisition from the Company shareholders, reports on the redemption of shares, reports on the results of presentation the demands by the Company shareholders on the redemption of the shares owned by them;
- 9) determining the price (monetary value) of the property, the price of the placement and redemption of equity securities in cases envisaged by the Federal Law “On Joint-stock Companies” as well as while solving issues stipulated in subitems 11, 20, 21, and 38 of Item 15.1. of Article 15 of this Charter;
- 10) acquisition of the shares, bonds and other securities placed by the Company in cases envisaged by the Federal Law “On Joint-stock Companies”;
- 11) carve-out (selling) of the Company shares which are placed at the disposal of the Company as a result of their acquisition or redemption from the Company shareholders, as well as in other cases envisaged by the Federal Law “On Joint-stock Companies”;
- 12) election of the Company General Director and early termination of his/her powers including taking the decision on early termination of the labor contract with him/her;
- 13) recommendations to the Company general shareholder meeting on the amount of remunerations and compensations paid to the members of the Auditing Committee and fixing the amount of remuneration of the Auditor’s services;
- 14) recommendations on the amount of the dividend per shares and the procedure for its payment;
- 15) approval of the Company internal documents determining the procedure for the formation and use of the Company funds;
- 16) decision-making on the use of the Company funds; approval of the cost estimates for the use of special-purpose funds and consideration of the results of the implementation of cost estimates for the use of special-purpose funds;
- 17) approval of the Company internal documents except for internal documents, the approval of which is referred to the competence of the Company general shareholder meeting and other Company internal documents, the approval of which is referred to the competence of the Company executive bodies;
- 18) approval of the business plan (revised business plan) and the report on the results of its implementation, as well as approval (revising) of the list and values of the Company cash flow benchmarks;

19) foundation of the Company branches and opening of the Company representative offices, their liquidation, as well as amending the Company Charter in connection with the foundation of the Company branches and opening of the Company representative offices (including changing of the information on the names and locations of the Company branches and representative offices) and their liquidation;

20) participation of the Company in other organizations (including coordination of constituent documents and candidates for the governance bodies of newly founded organizations, and in view of provision 21, item 15.1., Article 15 of this Charter) and change of the stake (number of shares, amount of contributions, equities), carve-out of shares (equities) and termination of the Company's participation in other organizations;

21) making the decision on one or several associated transactions of the Company on the carve-out, pledging or other encumbrance of shares and stakes of SDE (subsidiaries and dependent entities) which are not engaged in production, transmission, dispatching, distribution and selling of electric and thermal energy in case if the market value of shares or stakes being the subjects of the deal determined according to the report of the independent appraiser exceeds 30 million rubles and in other cases (amount) determined by the separate decisions of the Company Board of Directors;

22) determination of the Company credit policy as to provision by the Company of loans, making credit contracts and loan contracts, issuing of guarantees, acquisition of liabilities on bills (issuing of ordinary and transfer bill), pledging of property and making the decision on the above mentioned transactions of the Company in cases when the procedure for the decision-making of them is not determined by the Company credit policy as well as decision-making in accordance with the order envisaged by the Company credit policy on bringing the debt situation of the Company within the limits determined by the Company credit policy;

23) decision-making on completion of the transactions, the subject of which is the property, works and services, the value of which is from 5 to 25 per cent of the Company balance sheet assets which is defined at the date of decision-making on completion of the transaction, except for the transactions completed in the process of the Company ordinary economic activities;

24) approval of the large transactions in cases envisaged by Chapter X of the Federal Law "On Joint-stock Companies";

25) approval of transactions in cases envisaged by Chapter XI of the Federal Law "On Joint-stock Companies";

26) approval of the Company Registrar, terms of the contract concluded with it and termination of the contract concluded with it; approval of an estimate of expenses for carrying out the

Company General Shareholder Meeting;

27) election of the Company Board of Directors Chairperson and the early termination of his/her powers;

28) election of the Company Board of Directors Deputy Chairperson and the early termination of his/her powers;

29) election of the Company Board of Directors Secretary and the early termination of his/her powers;

30) tentative approval of decisions on the Company transactions connected with the gratuitous transfer of the Company property or property rights (demands) to itself or the third party; transactions connected with the liberation from property liabilities to itself or the third party; transactions connected with the gratuitous provision of services by the Company (carrying out of works) to the third parties, in cases (amount) determined by separate decisions of the Company Board of Directors, and decision-making on these transactions by the Company in cases when the above-mentioned cases (amount) are not determined;

31) decision-making on suspending of the powers of the managing organization (managing director);

32) decision-making on the appointment of the Acting General Director of the Company and his/her calling to an account;

33) calling to an account of the Company General Director and his/her remuneration in accordance with the labor legislation of the Russian Federation;

34) consideration of the General Director's reports on the Company activities (including the report on exercising his/her functions, on the implementation of the decisions of the Company General Meeting and its Board of Directors);

35) approval of the procedure of the Company's interaction with the organizations, in which the Company participates;

36) Definition of the Company's position (Company's representatives), including the assignment to take or not to take part in voting on the agenda items, to vote under draft decisions "for", "against" or "abstained", on the following items of the agenda of general shareholder (participant) meetings of subsidiaries and dependent entities (further on called SDE) (except for the cases when the functions of the SDE general shareholder meetings are exercised by the Company Board of Directors), and meetings of the SDE boards of directors (except for an item on approval of the agenda of the SDE general shareholder meetings when functions of the SDE general shareholder meeting are carried out by the Company Board of Directors):

i) on the determination of the agenda of the general shareholder meeting (participants) of SDE;

ii) on the reorganization and liquidation of SDE;

iii) on the determination of the quantitative structure of the SDE Board of Directors, nomination and election of its members and the early termination of their powers;

iv) on the determination of the number, par value, category (type) of the SDE declared shares and the rights granted by these shares;

v) on the increase of the SDE authorized capital through the increase of the par value of shares or through the placement of additional shares;

vi) on the placement of the SDE securities convertible into ordinary shares;

vii) on the fractioning and consolidation of the SDE shares;

viii) on the approval of large transactions made by the SDE;

ix) on the participation of SDE in other organizations (on entering the existing organization or on the foundation of the new one), as well as on the acquisition, carve-out, encumbrance of shares and stakes in the authorized capitals of the organizations, in which SDE participates, changes of the stake in the authorized capital of the respective organization;

x) on the transactions made by SDE (including several associated transactions) connected with the carve-out or the possibility of carve-out of property, representing fixed assets, intangible assets, objects of incomplete construction, the purpose of the use of which is production, transmission, dispatching, distribution of electric and thermal energy in cases (amount) defined by the procedure of interrelation of the Company with organizations in which the Company participates, approved by the Company Board of Directors;

xi) on amending the SDE constituent documents;

xii) on the determination of the procedure of remuneration payment to the members of the SDE Board of Directors and Auditing Committee;

37) determination of the position of the Company (representatives of the Company) on the following items of the agenda of the SDE board of directors' meetings (including the assignment to participate or not to participate in voting on the items of the agenda, to vote on draft decisions "for" or "against", or "abstain"):

i) on the determination of the SDE representatives' position on the items of the agenda of the general meetings of shareholders (participants) and the meetings of the Board of Directors of the subsidiaries and dependent entities in respect of SDE, concerning the completion (approval) of transactions (including several associated transactions) connected with carve-out or a possibility of carve-out of the property representing fixed assets, intangible assets, objects of incomplete construction, the purpose of the use of which is production, transmission,

dispatching, distribution of electric and thermal energy in cases (amount) determined by the procedure of interrelations of the Company with organizations in which the Company participates, approved by the Company Board of Directors;

ii) on the determination of the SDE representatives' position on the items of the agenda of the general meetings of shareholders (participants) and the meetings of the Board of Directors of the subsidiaries and dependent entities in respect of SDE, participating in production, transmission, dispatching, distribution of electric and thermal energy, on reorganization, liquidation, increase of the authorized capital of these entities through the increase of the par value of shares or through the placement of additional shares, securities convertible into ordinary shares;

38) tentative approval of the decisions on the completion by the Company:

i) of transactions, the subject of which shall be the Company non-current assets in the amount exceeding 10 percent of the balance sheet value of these assets as of the date of decision-making on the completion of this transaction;

ii) of transactions (including several associated transactions) connected with carve-out or an opportunity of carve-out of the property forming the fixed assets, intangible assets, objects of incomplete construction, the purpose of use of which is production, transmission, dispatching, distribution of electric and thermal energy in the cases (amount) determined by separate decisions of the Company Board of Directors;

iii) of transactions (including several associated transactions) connected with carve-out or an opportunity of carve-out of the property forming the fixed assets, intangible assets, objects of incomplete construction, the purpose of use of which is not production, transmission, dispatching, distribution of electric and thermal energy in the cases (amount) determined by separate decisions of the Company Board of Directors;

39) nomination by the Company of persons for the election to the position of the sole executive body, to other management bodies, bodies of control, and candidates for the Auditor of the organizations, in which the Company participates, which carry out production, transmission, dispatching, distribution and selling of electric and thermal energy, as well as repair and maintenance activities;

40) making the decisions on issues referred to competence of top management bodies of business associations 100 (One hundred) percent of authorized capital of which belong to the Company;

41) determination of the lines of provision of the Company with insurance coverage including the approval of the Company Insurer;

42) approval of the candidate to the position of the independent appraiser(s) for definition of the value of shares, property and other Company assets in the cases envisaged by the Federal Law "On Joint-stock Companies", Charter, and separate decisions of the Company Board of Directors;

43) tentative approval of the collective agreement, the agreements concluded by the Company within the limits of the regulation of social and labor relations;

44) approval of the candidate for the financial consultant involved in accordance with the Federal Law "On the Securities Market" as well as the candidates of securities issuance organizers and consultants on transactions directly connected with the attraction of means in the form of public loans

45) working-out of recommendation on selecting the Auditor which carries out an audit of the Company financial statements prepared under the International Financial Reporting Standards, approval of the contract terms with it, and monitoring of carrying out the audit of the Company financial statements prepared under the International Financial Reporting Standards;

46)) approval of the document determining the rules and approaches to disclosing of the information on the Company; document on use of the information on the Company activities, on the Company securities and transactions with them, which is not accessible to the public and the disclosure of which may render a material influence on the Company securities value; document

determining the procedures of the internal control over the Company financial and economic activities;

47) approval of prospective (up to 5 years), annual and quarterly major construction schedules, schedules of goods and services purchases, projects of new construction, technical re-equipment and reconstruction, and the reports on their implementation;

54) other issues falling within the competence of the Board of Directors in accordance with the Federal Law “On Joint-stock Companies” and the Company Charter.

The competence of the issuer’s Management Board in accordance with its Charter.

In accordance with item 20.1, Article 20 of the issuer’s Charter, the Company’s current activities management shall be carried out by the sole executive body – General Director.

The General Director of the Company shall be accountable to the General Meeting of Shareholders and the Board of Directors of the Company.

According to item 22.2., Article 22 of the issuer’s Charter, the competence of the General Director shall include all the issues of the Company current activities management, except for the issues referred to the competence of the General Shareholder Meeting and the Board of Directors.

The Company General Director shall act without a power of attorney on behalf of the Company taking into account the limitations envisaged by the legislation of the Russian Federation, this Charter and the decisions of the Company Board of Directors. The Company General Director shall

- ensure the fulfillment of the Company activity plans which are necessary for the solution of his/her tasks;

- organize bookkeeping and accounting in the Company;

- dispose of the Company property, complete transactions on behalf of the Company, issue powers of attorney, opens settlement and other accounts of the Company in banks, other credit organizations (and in cases specified in the law – in organizations which are professional participants of the securities market);

- issue orders, approve (accept) instructions, local normative enactments and other internal documents of the Company on the issues of his/her competence, give instructions necessary for the execution by all employees of the Company;

- approve Regulations on branches and representative offices of the Company;

- approve the Company organizational structure, staff list and official salaries of the Company employees;

- exercise in respect of the Company’s employees the rights and obligations of the employer, envisaged by the labor law;

- distribute obligations among the Deputies of the Director General;

- submit for the consideration of the Board of Directors the reports on financial and economic activities of subsidiaries and dependent companies, the shares (stakes) of which are owned by the Company, as well as the information on other organizations, in which the Company participates;

- not later than 45 (forty five) days prior to the holding of the Company annual General Shareholder Meeting, submit for the consideration of the Company Board of Directors the annual report, accounting balance sheet, the income statement of the Company and distribution of profit and loss of the Company;

- solve other issues of the Company current activities, except for the issues referred to the competence of the Company General Shareholder Meeting and the Company Board of Directors.

The Charter of the issuer does not provide for a collegial executive body.

The issuer has no Corporate Conduct (Management) Code or any other similar document.

In accordance with the decision of the Board of Directors of OPOSITION "Moscow Regional Electric Grid Company" (Minutes No.9 dated 20 September 2005), the Company Charter was amended as follows: the Main Electric Grids branch was excluded from the list of the Company's branches (Appendix No.1 to the Charter).

The issuer did not approve any internal document for regulation of activities of the issuer's branches.

The Internet website containing the text of the effective edition of the issuer's Charter and the internal documents regulation the activities of the issuer's bodies:

www.moesk.ru

5.2. Information on the persons that form part of the issuer's governance bodies

Personnel structure of the Board of Directors of OPOSITION "Moscow Regional Electric Grid Company":

1. Gavrilenko Anatoliy Anatolievich

Year of birth: **1972**

Education: **higher**

Positions for the past 5 years:

Period: **1998 – 2004**

Organization: **CPOSITION «Alor-Invest»**

Position: **Director for Strategic Financial Planning**

Period: **2001 – current**

Organization: **OOO «Алор+»**

Position: **Deputy General Director (по совместительству)**

Period: **2004 – current**

Organization: **CPOSITION «Lider»**

Position: **General Director**

Period: **2005 – current**

Organization: **JSC «Moscow Heat Grid Company»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: **OJSC «Moscow Unified Electric Grid Company»**

Position: **member of the Board of Directors**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

2. Evstafiev Arkadiy Vyacheslavovich

Year of birth: **1960**

Education: **higher**

Positions for the past 5 years:

Period: **1999 - 2000**

Organization: **HO Фонд «Center for Private Property Protection», Non-state Organization – Foundation**

Position: **General Director**

Period: **2000-2001**

Organization: **JSC «Mosenergoo»**

Position: **Deputy General Director for Relations with State Authorities Bodies and Mass Media, Authorized Representative of the General Director**

Period: **2001-2002**

Organization: **JSC «Mosenergo»**

Position: **acting General Director**

Period: **2002-2005**

Organization: **JSC «Mosenergo»**

Position: **General Director, Chairman of the Management Board**

Period: **2005 – current**

Organization: **JSC «Mosenergosbyt»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Moscow Heat Grid Company»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: **OJSC «Moscow Unified Electric Grid Company»**

Position: *member of the Board of Directors*

Stake in the issuer's authorized capital: *0%*

The issuer's ordinary shares belonging to the person: *0%*

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

3. Kolesnikov Andrey Bladimirovich

Year of birth: *1968*

Education: *higher*

Positions for the past 5 years:

Period: *1999-2000*

Organization: *CJSC «VDNKH Bank»*

Position: *Manager (Head) of the Customer Division under the Department for Client Relations*

Period: *2000-2002*

Organization: *JSC RAO «UES of Russia»*

Position: *Senior Specialist of the Division for Restructurization and Realization of Strategy Programs under the Corporate Strategy Department*

Period: *2002-2003*

Organization: *JSC RAO «UES of Russia»*

Position: *начальник отдела реструктуризации и реализации стратегических программ Департамента корпоративной стратегии*

Period: *2003-2005*

Organization: *JSC RAO «UES of Russia»*

Position: *Assistant of the Director of the Center for Realization of AO-energo Reformation Projects*

Period: *2005 - current*

Organization: *JSC RAO «UES of Russia»*

Position: *Head of the Direction under the Managing Director Back Office of the Business Unit No.1*

Period: *2005 – current*

Organization: *OJSC «Moscow Regional Electric Grid Company»*

Position: *member of the Board of Directors*

Stake in the issuer's authorized capital: *0%*

The issuer's ordinary shares belonging to the person: *0%*

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

4. Kostyuk Mikhail Dmitrievich

Year of birth: *1952*

Education: *higher*

Positions for the past 5 years:

Period: *1998-2001*

Organization: *JSC «Krasnoyarskenergo»*

Position: *Head of the Department for Shareholders Capital*

Period: *2001-2003*

Organization: *Office of JSC RAO "UES of Russia" for Management of "Sibirenergo" Joint-Stock Companies of the Siberian Region of Russia*

Position: *Advisor for the General Director of the Office on Activities of the Board of Directors*

Period: *2003- current*

Organization: *«Institution of Professional Directors» Foundation*

Position: *Adviser*

Period: *2005- current*

Organization: *JSC «Altayenergo»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Buryatenergo»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Sverdlovenergoo»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Chitaenergo»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Special-Purpose Planning and Design Office for Repair and Reconstruction»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Nizhniy Novgorod Energy Repair Company»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Smolensk Generating Company»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Smolensk Management Energy Company»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Smolensk Energy Repair Company»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Smolenskenergosbyt»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Kursk Generating Company»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC «Tver Management Energy Company»*

Position: *member of the Board of Directors*

Period: *2005- current*

Organization: *JSC YK «Volgo-Donsk Energy Complex» Management Company*

Position: *member of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Dalenergospetsremont»*
Position: *member of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Kamchatskie CHP»*
Position: *member of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Krasnoyarskenergoremont»*
Position: *member of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Khakass Service Repair Company»*
Position: *member of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Kuzbassetremont»*
Position: *member of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Building and Installation Management»*
Position: *member of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Altayelectrosetremont»*
Position: *Chairman of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Altayenergotekhremont»*
Position: *Chairman of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Altayenergospetskomplekt»*
Position: *Chairman of the Board of Directors*

Period: *2005- current*
Organization: *JSC «Avtoenergoserwis»*
Position: *Deputy Chairman of the Board of Directors*

Period: **2005- current**
Organization: **JSC «Energoservis»**
Position: **Deputy Chairman of the Board of Directors**

Period: **2005- current**
Organization: **JSC «Engineering and Analysis Center»**
Position: **member of the Board of Directors**

Period: **2005- current**
Organization: **JSC «Severovostokenergo»**
Position: **member of the Board of Directors**

Period: **2005- current**
Organization: **JSC «Buryatsetremont»**
Position: **member of the Board of Directors**

Period: **2005- current**
Organization: **JSC «Sotssfera»**
Position: **Chairman of the Board of Directors**

Period: **2005 – current**
Organization: **OJSC «Moscow Regional Electric Grid Company»**
Position: **member of the Board of Directors**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

5. Makarov Evgeniy Fedorovich

Year of birth: **1955**

Education: **higher**

Positions for the past 5 years:

Period: **1997-2005**

Organization: *JSC «Belgorodenergo»*

Position: *General Director*

Period: *2004 - current*

Organization: *IDGC of Centre and Northern Caucasus, JSC*

Position: *General Director*

Period: *2005 – current*

Organization: *OJSC «Moscow Regional Electric Grid Company»*

Position: *member of the Board of Directors*

Stake in the issuer's authorized capital: *0%*

The issuer's ordinary shares belonging to the person: *0%*

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

6. Matveev Alexey Anatolievich

Year of birth: *1963*

Education: *higher*

Positions for the past 5 years:

Period: *1999 - 2001*

Organization: *CJSC «Fleming USB»*

Position: *Head of the Department for Investment and Banking Operations*

Period: *2001 - 2003*

Organization: *CJSC «Troika – Dialog Investment Company»*

Position: *Managing Director*

Period: *2003 - current*

Organization: *«Gazprombank» Joint Stock Bank (CJSC)*

Position: *Deputy Chairman of the Management Board*

Period: *2005 – current*

Organization: *JSC «Mosenergosbyt»*

Position: *member of the Board of Directors*

Period: *2005 – current*

Organization: *JSC «Moscow Heat Grid Company»*

Position: *member of the Board of Directors*

Period: *2005 – current*

Organization: *OJSC «Moscow Regional Electric Grid Company»*

Position: *member of the Board of Directors*

Stake in the issuer's authorized capital: *0%*

The issuer's ordinary shares belonging to the person: *0%*

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

7. Nepsha Valeriy Vasilievich

Year of birth: *1976*

Education: *higher*

Positions for the past 5 years:

Period: *2000 – 2003*

Organization: *JSC RAO «UES of Russia»*

Position: *Senior Specialist of the Corporate Policy Department*

Period: *2003 – current*

Organization: *«Institution of Professional Directors» Foundation*

Position: *Deputy General Director*

Period: *2004 – current*

Organization: *JSC «OGC-5»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «OGC-4»*

Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Kurskenergo»*
Position: *Chairman of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Belgorod Selling Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Bryansk Generating Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Voronezhenergo»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Dalenergoremont»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Ekaterinburg Electric Grid Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Zhigulevskaya HPP»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Zagorsk PSP»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Ivenergo»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Kaluga Generating Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Kirovenergosbyt»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Kostroma GRES»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Kostroma Generating Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Lipetsk Generating Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Mari El Regional Generating Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Мостеплосетьэнергоремонт»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Nizhnovenergo»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Novgorodenergo»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Orelenergoremont»*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC «Orlovo Generating Company»*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Peredvizhnaya Energetika»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Permenergotrans»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Pskov GRES»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Ryazan Heat Supplying Company»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Smolensk Main System»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Tambov Generating Company»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Tverenergo»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Udmurtiya Main System»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «South Ural GRES»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC «Yaroslavl Management Energy Company»*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *OJSC «Moscow Regional Electric Grid Company»*

Position: *member of the Board of Directors*

Stake in the issuer's authorized capital: *0%*

The issuer's ordinary shares belonging to the person: *0%*

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

8. Rappoport Andrey Nikolaevich

Year of birth: *1963*

Education: *higher*

Positions for the past 5 years:

Period: *1998 - 2004*

Organization: *JSC RAO "UES of Russia"*

Position: *Deputy Chairman of the Management Board*

Period: *2004 – current*

Organization: *JSC RAO "UES of Russia"*

Position: *member of the Management Board*

Period: *2002 – current*

Organization: *JSC «FGC UES»*

Position: *Chairman of the Management Board, member of the Board of Directors*

Period: *2004 – 2005*

Organization: *JSC «Volgogradenergo»*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *JSC «Mosenergo»*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *JSC «Yantarenergo»*

Position: *Chairman of the Board of Directors*

Period: **2004 – current**
Organization: **CJSC «INTER RAO UES»**
Position: **Chairman of the Board of Directors**

Period: **2004 – current**
Organization: **JSC «SO-CDU UES»**
Position: **member of the Board of Directors**

Period: **2004 – current**
Organization: **CJSC «INTER RAO UES Balkany»**
Position: **member of the Board of Directors**

Period: **2004 – current**
Organization: **CJSC «Armenian Nuclear Electric Station»**
Position: **member of the Board of Directors**

Period: **2004 – current**
Organization: **OOO «REN-TV Media Holding»**
Position: **member of the Board of Directors**

Period: **2004 – current**
Organization: **«GruzRosenergo» United Energy System Joint-stock Company**
Position: **member of the Supervisory Council**

Period: **2004 – current**
Organization: **«AES Telasi» Joint-stock Company**
Position: **member of the Board of Directors**

Period: **2004 – current**
Organization: **IDGC of Centre and Northern Caucasus, JSC**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **JSC «Federal Hydro Generating Company»**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **RAO Nordic OY**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **OJSC «Moscow Regional Electric Grid Company»**

Position: ***Chairman of the Board of Directors***

Stake in the issuer's authorized capital: ***0%***

The issuer's ordinary shares belonging to the person: ***0%***

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: ***0***

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: ***0%***

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: ***0%***

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: ***0***

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: ***no sibs***

9. Romanovsky Sergey Petrovich

Year of birth: ***1959***

Education: ***higher***

Positions for the past 5 years:

Period: ***1996-2002***

Organization: ***JSC «Mosenergo»***

Position: ***Deputy General Director***

Period: ***2002 - current***

Organization: ***Moscow city Department of Fuel and Energy Household***

Position: ***First Deputy Head of the Department***

Period: ***2005 - current***

Organization: ***OJSC «Moscow Regional Electric Grid Company»***

Position: ***member of the Board of Directors***

Stake in the issuer's authorized capital: ***0,000035 %***

The issuer's ordinary shares belonging to the person: ***0,000035 %***

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: ***0***

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: ***0%***

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: ***0%***

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: ***0***

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: ***sibs***

10. Skribot Wolfgang

Year of birth: **1966**

Education: **higher**

Positions for the past 5 years:

Period: **2000-2001**

Organization: **Enron Europe Ltd.**

Position: **Director for Fuel Markets of Eastern Europe and Russia**

Period: **2001-2003**

Organization: **CJSC «OFG»**

Position: **Director of the Department for Corporate Financing**

Period: **2003 - 2004**

Organization: **«Gazprombank-Invest» LLC**

Position: **Deputy General Director**

Period: **2004 - current**

Organization: **«Gazprombank» Joitn Stock Bank (CJSC)**

Position: **Director of the Department for Corporate Financing**

Period: **2005 - current**

Organization: **JSC «GRES-24»**

Position: **member of the Board of Directors**

Period: **2005 - current**

Organization: **JSC «Moscow Heat Grid Company»**

Position: **member of the Board of Directors**

Period: **2005 - current**

Organization: **OJSC «Moscow Regional Electric Grid Company»**

Position: **member of the Board of Directors**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

11. Smirnov Pavel Stepanovich

Year of birth: **1952**

Education: **higher**

Positions for the past 5 years:

Period: **1998-2000**

Organization: **The Russian Federation Central Bank**

Position: **Advisor of the Chairman, Director of the Department for International Financial and Economic Relations**

Period: **2001- current**

Organization: **JSC RAO "UES of Russia"**

Position: **member of the Management Board**

Period: **2005 – current**

Organization: **JSC «Mosenergosbyt»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Moscow Heat Grid Company»**

Position: **member of the Board of Directors**

Period: **2005 - current**

Organization: **OJSC «Moscow Regional Electric Grid Company»**

Position: **member of the Board of Directors**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

12. Chistyakov Alexander Nikolaevich

Year of birth: **1973**

Education: **higher**

Positions for the past 5 years:

Period: **1999 - 2000**

Organization: **JSC RAO "UES of Russia"**

Position: **Head of the Department for Project and Trade Financing**

Period: **2000 - 2001**

Organization: **JSC RAO "UES of Russia"**

Position: **Director for Investment Policy**

Period: **2001 - 2002**

Organization: **JSC RAO "UES of Russia"**

Position: **member of the Management Board, Директор по инвестиционной политике**

Period: **2002 – current**

Organization: **JSC «FGC UES»**

Position: **First Deputy Chairman of the Management Board**

Period: **2003 - 2005**

Organization: **JSC «Kolenenergo»**

Position: **member of the Board of Directors**

Period: **2003 – current**

Organization: **JSC «Hurenergo»**

Position: **Chairman of the Board of Directors**

Period: **2003 - 2005**

Organization: **JSC «Energostroynabkomplekt UES»**

Position: **member of the Board of Directors**

Period: **2004 – current**

Organization: **IDGC of Ural and Volga, JSC**

Position: **member of the Board of Directors**

Period: **2004 – current**

Organization: **IDGC of Centre and Northern Caucasus, JSC**

Position: **member of the Board of Directors**

Period: **2004 – current**
Organization: **IDGC of the North-West, JSC**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **JSC «Tyumenenergo»**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **IDGC of Siberia, JSC**
Position: **Chairman of the Board of Directors**

Period: **2005 – current**
Organization: **JSC «Moscow City Electric Grid Company»**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **OJSC «Moscow Regional Electric Grid Company»**
Position: **member of the Board of Directors**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

13. Shtykov Dmitry Viktorovich

Year of birth: **1976**

Education: **higher**

Positions for the past 5 years:

Period: **1999-2003**

Organization: **JSC RAO «UES of Russia»**

Position: *Leading Specialist, Major Specialist, acting Head of the Department, Head of the Department*

Period: *2003 – current*

Organization: *«Institution of Professional Directors» Foundation, Moscow city*

Position: *General Director*

Period: *2004 – current*

Organization: *JSC «Orelenergo»*

Position: *Chairman of the Board of Directors*

Period: *2003 – current*

Organization: *JSC «Pecherskaya GRES»*

Position: *Chairman of the Board of Directors*

Period: *2004 – current*

Organization: *JSC «Vologdaenergo»*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *JSC «Kamchatskenergo»*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *JSC «Lenenergo»*

Position: *member of the Board of Directors*

Period: *2003 – current*

Organization: *JSC «Nizhnovenergo»*

Position: *member of the Board of Directors*

Period: *2003 – current*

Organization: *JSC «Samaraenergo»*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *JSC «Tulaenergo»*

Position: *member of the Board of Directors*

Period: *2003 – current*

Organization: *JSC «Zhigulevskaya HPP»*

Position: *member of the Board of Directors*

Period: *2004 – current*
Organization: *JSC «Kostromna GRES»*
Position: *member of the Board of Directors*

Period: *2004 – current*
Organization: *JSC «Sayano-Shushenskaya GRES»*
Position: *member of the Board of Directors*

Period: *2002 – current*
Organization: *JSC «Cherepetsk GRES»*
Position: *member of the Board of Directors*

Period: *2004 – current*
Organization: *JSC «Bryansk Generating Company»*
Position: *member of the Board of Directors*

Period: *2004 – current*
Organization: *JSC «Sakhenergo»*
Position: *member of the Board of Directors*

Period: *2004 – current*
Organization: *JSC «Primorenergoemont Production and Repair Enterprise»*
Position: *member of the Board of Directors*

Period: *2004 – current*
Organization: *JSC «Волгоградэнерго»*
Position: *member of the Board of Directors*

Period: *2004 – current*
Organization: *JSC «Serovo GRES»*
Position: *member of the Board of Directors*

Period: *2005 – current*
Organization: *JSC «TGC-8»*
Position: *member of the Board of Directors*

Period: *2005 – current*
Organization: *JSC «TGC-9»*
Position: *member of the Board of Directors*

Period: **2005 – current**
Organization: **JSC «OGC-1»**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **JSC «OGC-4»**
Position: **member of the Board of Directors**

Period: **2004 – current**
Organization: **JSC «OGC-5»**
Position: **member of the Board of Directors**

Period: **2005 - current**
Organization: **JSC «GRES-24»**
Position: **member of the Board of Directors**

Period: **2005 – current**
Organization: **OJSC «Moscow Regional Electric Grid Company»**
Position: **member of the Board of Directors**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sobs**

The issuer's Charter does not provide for a collegial executive body.

The person who exercises the functions of the issuer's sole executive body:
General Director OJSC «Moscow Regional Electric Grid Company»

Yury Ivanovich Trofimov

Year of birth: **1945**

Education: **higher**

Positions for the past 5 years:

Period: *1999-2005*

Organization: *JSC «Orenburgenergo»*

Position: *General Director*

Period: *1999 – current*

Organization: *JSC «Orenburgenergo»*

Position: *member of the Board of Directors*

Period: *2005 – 2005*

Organization: *JSC «Transmission Grid Company»*

Position: *Acting General Director*

Period: *2005 – current*

Organization: *OJSC «Moscow Regional Electric Grid Company»*

Position: *General Director*

Stake in the issuer's authorized capital: *0%*

The issuer's ordinary shares belonging to the person: *0%*

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

5.3. Data on amount of remuneration, privileges and/or indemnification of charges concerning

The issuer did not pay remuneration, privileges and/or indemnification to members of the Board of Directors during the last completed financial year.

5.4. Data on the structure and competence of the issuer's bodies for control over financial and economic activities

The comprehensive description of the structure of the bodies for control over the issuer's financial and economic activities and their competence according to the issuer's Charter (constituent documents):

According to Article 21 of the issuer's Charter:

21.1. In order to ensure control over the Company financial and economic activities, the General Shareholder Meeting shall elect the Checkup Committee of the Company for the period till the next annual General Shareholder Meeting..

Should the Checkup Committee of the Company be elected at the extraordinary meeting of shareholders, the members of the Checkup Committee shall be considered elected for the period till the date of the holding of the Company annual General Shareholder Meeting.

The quantitative structure of the Checkup Committee shall be 5 (five) people.

21.2. By the decision of the Company General Shareholder Meeting, the powers of all or separate members of the Company Checkup Committee may be terminated early.

21.3. The competence of the Company Checkup Committee shall include the following:

- confirmation of the correctness of the information contained in the annual report, accounting balance sheet, income statement of the Company;*
- analysis of the Company financial standing, revealing of the reserves for the improvement of the financial situation in the Company and working out of recommendations for the Company management bodies;*
- organization and carrying out of an examination (audit) of the Company financial and economic activities, in particular:*
- examination (audit) of the financial, accounting, settlement and other documentation of the Company which is connected with carrying out by the Company of financial and economic activities in order to ensure its compliance with the Russian Federation laws, the Charter, internal and other documents of the Company;*
- control over safe keeping and use of fixed capital;*
- control over the adherence to the order of writing off the insolvent debtors' debt to the Company losses;*
- control over cash spending of the Company in accordance with the approved business plan and budget of the Company;*
- control over the building up and use of the reserve and other specialized funds of the Company;*
- examination of correctness and timely attributing and payment of dividends per the Company shares, interest per bonds and earnings per other securities;*
- examination of the regulations issued earlier on the correction of violations and shortages revealed by the previous examinations (audits);*
- carrying out of other actions (measures) connected with the examination of the Company financial and economic activities.*

21.4. All decisions on the issues referred to the competence of the Checkup Committee shall be made by the simple majority of the votes from the total number of its members.

21.5. The Checkup Committee shall be entitled and, in case of the revealed serious violations of the Company financial and economic activities, obliged to demand the convening of the Company extraordinary general shareholder meeting.

21.6. The procedure of the Company Checkup Committee's activities shall be determined by the internal document of the Company approved by the Company General Shareholder Meeting.

The Checkup Committee in accordance with the decision on carrying out an examination (audit) in order to carry out the given examination (audit), shall be entitled to involve specialists in the respective field of law, economy, finance, accounting, management, economic security and other organizations, including the specialized ones.

21.7. The examination (audit) of the Company financial and economic activities may be carried out at any time at the initiative of the Company Checkup Committee, by the decision of the Company General Shareholder Meeting, the Company Board of Directors or upon the demand of the Company shareholder (shareholders) possessing in total at least 10 percent of the Company voting shares.

21.8. For the examination and approval of the Company annual financial reports, the Company General Shareholder Meeting shall annually approve the Company Auditor.

21.9. The amount of the remuneration of the services of the Auditor shall be determined by the Company Board of Directors.

21.10. The Company Auditor shall carry out the examination of the Company financial and economic activities in accordance with the requirements of the Russian Federation laws and on the grounds of the Contract signed with him/her.

21.11. Following the results of the examination of the Company financial and economic activities, the Company Checkup Committee, the Company Auditor shall compile a report, which shall contain:

- confirmation of the correctness of the information contained in the Company reports and other financial documents;*

- *information on the facts of violation by the Company of the accounting procedures and submission of financial reports envisaged by legal regulations of the Russian Federation, as well as normative enactments of the Russian Federation while carrying out by the Company of financial and economic activities.*

The procedure and the period for compiling the report on the results of the examination of the Company financial and economic activities shall be determined by the normative enactments of the Russian Federation and the Company internal documents.

The information on the system of internal control over the issuer's financial and economic activities; the information on availability of the internal audit service, time of its work and its key staff:

The Internal Control Service of the issuer is on the stage of formation.

Data on presence of the issuer's internal document establishing the rules on prevention of use of service (insider) information:

The issuer's internal document establishing the rules for prevention of the use of service (insider information) was approved by the Board of Directors of OJSC «Moscow Regional Electric Grid Company» (Minutes No.11 of 3 November 2005) "Regulations for Insider Information of OJSC "Moscow Regional Electric Grid Company".

A copy of the above mentioned document is attached to the quarterly report (Appendix No.1).

5.5. Information on the persons that form part of the issuer's bodies for control over financial and economic activities

The personnel structure of the Checkup Committee:

1. Anatoly Valerievich Baitov

Year of birth: ***1977***

Education: ***higher***

Positions for the past 5 years:

Period: ***1999-2001***

Organization: ***Financial Department under the Kurgan Region Administration***

Position: ***Senior Specialist of the Division for Control and Audit***

Period: ***2001-2002***

Organization: ***CJSC « "Index" Bureau for Independent Supervision» (Moscow city)***

Position: ***Head of the Department***

Period: ***2002-2003***

Organization: ***Representative office of RAO UESR "Centrenergo"***

Position: ***Adviser for checkup committees' work***

Period: ***2003 - 2004***

Organization: ***The "Institute of Professional Directors" Foundation***

Position: ***Deputy General Director***

Period: **2004- current**

Organization: **«FGC UES», JSC**

Position: **Head of the Financial Control and Internal Audit Directorate**

Period: **2005 – current**

Organization: **OJSC «Moscow Regional Electric Grid Company»**

Position: **member of the checkup committee**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

2. Tatiana Petrovna Dronova

Year of birth: **1954**

Education: **higher**

Positions for the past 5 years:

Period: **2000 - 2001**

Organization: **“Rosenergoatom”**

Position: **Deputy Senior Accountant**

Period: **2001 – current**

Organization: **JSC «Mosenergo»**

Position: **Senior Accountant**

Period: **2005 – current**

Organization: **OJSC «Moscow Regional Electric Grid Company»**

Position: **member of the checkup committee**

Stake in the issuer's authorized capital: **0,00354 %**

The issuer's ordinary shares belonging to the person: **0,00354 %**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

3. Igor Alikovich Zenyukov

Year of birth: **1966**

Education: **higher**

Positions for the past 5 years:

Period: **1991-2001**

Organization: **JSC «Yarenergo»**

Position: **Shift Chief at the CHP-3**

Period: **2001-2004**

Organization: **JSC «Yarenergo»**

Position: **Senior Specialist of the Corporate Policy Department**

Period: **2004-2005**

Organization: **JSC RAO «UES of Russia»**

Position: **Head of the Department for Corporate Information**

Period: **2005 – 2005**

Organization: **JSC RAO «UES of Russia»**

Position: **Head of the Department for Corporate Information Services**

Period: **2005 – current**

Organization: **JSC RAO «UES of Russia»**

Position: **Head of the Department for Information and Analysis**

Period: **2005 – current**

Organization: **JSC «Rostovenergo Management Company»**

Position: **Member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Belgorod Selling Company»**

Position: **Member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Perm Generating Company»**

Position: **Member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Yaroslavl Energy Company»**

Position: **Member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Prioksk Territorial Generating Company»**

Position: **Member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Orenburg Heat generating Company»**

Position: **Member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «TGC-2»**

Position: **Member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Tver Generating Company»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Kursk Generating Company»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Surgut GRES-2»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Corporate Governance Institute»**

Position: **Chairman of the Board of Directors**

Period: **2005 – current**

Organization: **JSC «Yareletrosetremont»**

Position: **member of the Board of Directors**

Period: **2005 – current**

Organization: *JSC «GVC Energetiki»*
Position: *member of the Board of Directors*

Period: *2005 – current*
Organization: *JSC «Moscow City Electric Grid Company»*
Position: *member of the Board of Directors*

Period: *2005 – current*
Organization: *OJSC «Moscow Regional Electric Grid Company»*
Position: *member of the checkup committee*

Stake in the issuer's authorized capital: *0%*
The issuer's ordinary shares belonging to the person: *0%*
Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*
Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*
Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*
Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*
Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

4. Marina Alexeevna Lelekova

Year of birth: *1961*

Education: *higher*

Positions for the past 5 years:

Period: *2000-2001*
Organization: *«Dalenergosbyt», a branch of JSC «Dalenergo»*
Position: *Chief Accountant*

Period: *2001-2004*
Organization: *“AKFA” Auditing Company*
Position: *Director for Audit*

Period: *2001-2003*
Organization: *“Vostokenergo”, a representative office of OAO RAO “UES of Russia” for management of joint-stock companies at the Eastern Region of Russia*
Position: *Advisor of the General Director of the Representative office for work of checkup committees*

Period: **2003-2004**

Organization: **«Institute of Professional Directors» Foundation**

Position: **Advisor for work of checkup committees**

Period: **2004-current**

Organization: **JSC «FGC UES»**

Position: **Deputy Director, Senior Expert, Senior Specialist of the Direction for Financial Control and Internal Audit**

Period: **2005 – current**

Organization: **OJSC «Moscow Regional Electric Grid Company»**

Position: **member of the checkup committee**

Stake in the issuer's authorized capital: **0%**

The issuer's ordinary shares belonging to the person: **0%**

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: **0**

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: **0%**

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: **0%**

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: **0**

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: **no sibs**

5. Lyudila Romanovna Matyunina

Year of birth: **1950**

Education: **higher**

Positions for the past 5 years:

Period: **1998-2004**

Organization: **JSC RAO «UES of Russia»**

Position: **Deputy Head of the Department for Financial Audit**

Period: **2004-current**

Organization: **JSC RAO «UES of Russia»**

Position: **First Deputy Head of the Department for Internal Audit under the Corporate Center**

Period: **2005 – current**

Organization: **OJSC «Moscow Regional Electric Grid Company»**

Position: **member of the checkup committee**

Stake in the issuer's authorized capital: *0%*

The issuer's ordinary shares belonging to the person: *0%*

Number of the company's shares of each category (type) which may be acquired as a result of exercising the rights under the issuer's options belonging to the person: *0*

Stake in the authorized capital of the issuer's subsidiaries and dependent entities: *0%*

Number of ordinary shares of the issuer's subsidiaries and dependent entities belonging to the person: *0%*

Number of shares of the issuer's subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity's options belonging to the person: *0*

Any sibs with other persons who form a part of the issuer's governance bodies and/or issuer's bodies for control over financial and economic activities: *no sibs*

5.6. Data on amount of remuneration, privileges and/or indemnification of charges paid to the issuer's financial and economic activities' control bodies

The issuer paid no remuneration, privileges and/or indemnification of charges to members of the Checkup Commission

There are no corresponding agreements on payment of remuneration, privileges and/or indemnification of charges to members of the Checkup Commission in 2005.

5.7. Data on the number and the generalized data on education and structure of the issuer's staff (employees), and also on change of number of the staff (employees) of the issuer

In the considered reporting period, information is not provided.

5.8. Data on any obligations of the issuer to the staff (employees) concerning the possibility of their participation in the authorized (joint-stock) capital (share fund) of the issuer

The issuer has no agreements and obligations concerning an opportunity of participation of the issuer's employees (staff) in its authorized capital.

The issuer's options were not provided to employees (staff). The issuer did not approve and register the issuer's options.

VI. Data on participants (shareholders) of the issuer and on interest-party transactions completed by the issuer

6.1. Data on the total amount of the issuer's shareholders (participants)

Total amount of persons recorded in the shareholders' register of the issuer for the date of the end of the IV quarter – *18,640*

Total amount of the issuer's nominee shareholders - *23*

6.2. Data on the issuer's participants (shareholders) owing at least 5 percent of its

authorized (joint-stock) capital (share fund) or at least 5 percent of its ordinary shares, and data on such persons' participants (shareholders) owing at least 20 percent of the authorized (joint-stock) capital (share fund) or at least 20 percent of their ordinary shares.

Shareholders (participants), possessing at least 5 per cent of the authorized capital of the issuer:

1. The share of the authorized capital of the issuer accounting for 29.62% is registered in the shareholders' register in the name of the nominee shareholder:

Full name of the company: *Closed Joint-Stock Company "Depository Clearing Company" (DCC)*

Short name of the company: *CJSC "DCC"*

Location: *31 Shabolovka street, Building B, Moscow, Russian Federation, 115162.*

Phone: *(095) 956-0999, 411-8338* Fax: *(095) 232-68-04* E-mail: dcc@dcc.ru

License No. 177-06236-000100 of the professional participant of the securities market for the implementation of the depository activity as of October 9, 2002 It was issued by the FFMS of Russia. The license duration is unlimited.

Amount of ordinary shares of the issuer belonging to the given body – *8,368,631,229 pieces (nominee shareholder)*

2. The share of the authorized capital of the issuer in the amount of 7.58% is registered in the issuer's shareholders register in the name of the nominee shareholder:

Full company name: *Noncommercial Partnership "The National Depository Center"*

Short company name: *NDC*

Location: *1/13 Sredniy Kislovskiy sidestreet, Building 4, Moscow*

Phone: *(095) 956-2-659* Fax: *(095) 965-09-38* E-mail: info@ndc.ru

License No. 177-03431-000100 of the securities market professional participant for the implementation of the depository activity as of December 4, 2000. Issued by the Federal Securities Market Commission. The license duration is unlimited.

Amount of ordinary shares belonging to the given body – *2,141,081,921 pieces (nominee shareholder)*

3. The share of the authorized capital of the issuer in the amount of 50.9047 % is registered in the issuer's shareholders register in the name of the nominee shareholder:

Full name of the company: *Limited Liability Company "Depository and Corporate Technologies"*

Short company name: *LLC "DCT"*

Location: *17 Ramenkie street, Building 1, Moscow, 119607*

Phone: *(095) 641-30-31*, Fax: *(095) 641-30-31*; E-mail: Dkt@depotech.ru

License No. 077-08381-000100 of the professional participant of the securities market for the implementation of the depository activity given as of April 21, 2005. It was issued by the FFMS of Russia. The license duration is up to April 21, 2008.

Amount of ordinary shares belonging to the given body – *14,379,166,000 pieces (nominee shareholder)*

6.3. Data on the stake of the State or municipal institution in the issuer's authorized (joint-stock) capital (share fund), presence of the special right ("golden share").

Share of the issuer's authorized capital being in state (federal, Russian Federation component units'), municipal ownership:

0.000036% is in ownership of the Moscow Region

Holder of the parcel of shares:

Name: ***Ministry of Property Relations of the Moscow Region***

Location: ***54 Yubileiniy prospect, town of Reutov, Moscow Region, 143969.***

Postal address: ***18 Lesteva street, Moscow, 115162***

Body fulfilling on behalf of the RF component unit the functions of the issuer's shareholder: ***Ministry of Property Relations of the Moscow Region.***

Special Right for the participation of the Russian Federation, subjects of the Russian Federation, municipal formations in the issuer's administration: ***no***

6.4. Data on restrictions on participation in the authorized (joint-stock) capital (share fund) of the issuer

The limiting of shares amount belonging to one shareholders and/or their total nominal value, and/or maximum amount of votes presented to one shareholder: ***no***

Limitation for the share of the foreign persons' participation in the authorized capital of the issuer: ***no***

Other limitations connected with the participation in the authorized (share) capital (share fund) of the issuer: ***no***

6.5. Data on changes in the composition and stale of the issuer's shareholders (participants) owing at least 5 percent of its authorized (joint-stock) capital (share fund) or at least 5 percent of its ordinary shares

Information on the structure and amount of the issuer's shareholders participation possessing at least 5% of his/her ordinary shares and for 5 past completed financial years is not presented concerning the fact that the issuer is registered as a legal body on April 1, 2005.

6.6. Data on the issuer's interested-party transactions

In the IV quarter 2002, the Board of Directors approved 5 interested-party transactions for the total amount of RUR 170,479,114.54 and Euro 879,430.40 which is 0.6638% o the balance cost of the issuer's assets determined in accordance with data of the issuer's accounting report as of 30 September 2005.

6.7. Data on debt receivable amount

In the considered reporting period, information is not provided.

VII. Issuer's accounting reports and other financial information

7.1. Annual financial statement of the issuer

In the considered reporting period, information is not provided.

The issuer does not make annual accounting statement in accordance with the International Accounting Reporting Standards or the US Generally Accepted Accounting Principles.

7.2. Quarterly accounting reports of the issuer for the previous completed reporting quarter

In the considered reporting period, information is not provided.

7.3. Summary accounting reports of the issuer for the previous completed financial year

Provided that the issuer has no subsidiary and/or dependent entities, the issuer does not make summary accounting reports.

The issuer did not make summary accounting reports in accordance with the International Accounting Reporting Standards.

7.4. Data on the issuer's accounting policy

Regulations on accounting policy of OJSC «Moscow Regional Electric Grid Company» for 2005, approved by the order of the General Director No.409-48 of 20 May 2005 is presented in Appendix No.2 to the quarterly report .

7.5. Data on total account of the export, and also the share of the export in total amount of sales

In the considered reporting period, information is not provided.

7.6. Data on the value of the issuer's real estate and essential changes which occurred in the structure of the issuer's property after the date of the previous completed financial year

The total value of the fixed assets and the amount of the accumulated depreciation for the date of the reporting quarter end:

It is not possible to provide for the information on the total value of the fixed assets and the amount of the accumulated depreciation for the date of the reporting quarter end prior to complete forming of the accounting report.

Information as of the end of the III quarter 2005 is provided:

RUR thousand

No.	Name	Total cost (RUR, thousand)	Amount of the accumulated depreciation (RUR, thousand)
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1	<i>Buildings, construction and transmission devices</i>	26,648,766	16,477,377

During 12 months before the date of the reporting quarter end the assessment of the fixed assets owned or rented for the long term by the issuer was not carried out by the appraiser.

Information on any change in the structure of intangible assets of the issuer as well as information on any purchases or retirement on any reason of any asset of the issuer provided that balance cost of the assets exceeds 5 percent of balance cost of assets of the issuer as well as information on any other changes significant for the issuer which took place after the ending date of the last completed financial year prior to the ending date of the reporting quarter: ***no such information***

7.7. Data on participation of the issuer in litigations if such participation may have a material effect on the financial and economic activities

There were no judicial proceedings which could considerably influence the financial and industrial activity of the Company.

VIII. Additional information on the issuer and the placement of the equity securities

8.1. Additional data on the issuer

8.1.1. Data on the amount, structure of the authorized (joint-stock) capital (share fund) of the issuer

Information on the authorized capital of the issuer:

Amount of the authorized capital is ***RUR 14,124,679,850 (Fourteen billion, one hundred and twenty four million, six hundred and seventy nine thousand, eight hundred and fifty).***

Ordinary shares: ***28,249,359,700 (Twenty eight billion, two hundred and forty nine million, three hundred and fifty nine thousand, seven hundred) pieces***

Total par value of the ordinary shares: ***RUR 14,124,679,850 (Fourteen billion, one hundred and twenty four million, six hundred and seventy nine thousand, eight hundred and fifty).***

Share of the ordinary shares in the authorized capital of the issuer: **100%**

Par value of each share: **RUR 0.5**

Shares of the issuer do not circulate beyond the boundaries of the Russian Federation.

8.1.2. Data on the change of the amount of the authorized (joint-stock) capital (share fund) of the issuer

From the moment of the state registration of the issuer as a legal entity (1 April 2005) amount of its authorized capital did not change.

8.1.3. Data on formation and use of the reserve fund and other funds of the issuer

The name of the fund is the **reserve fund**.

Amount of the fund established in accordance with the authorized documents: *in accordance with the articles of the Issuer, the creation of the Reserve fund is determined in the amount of 5% form the issuer's authorized capital.*

Amount of obligatory annual allocation to the reserve fund of the Company is not less than 5 (Five) percent from net profit of the Company until reaching of the set amount of the reserve fund.

Amount of the fund in monetary means as of the ending date of the corresponding reporting period, and in percent from authorized (joint-stock) capital (share fund):

Until complete forming of the accounting report, it is not available.

8.1.4. Data on the procedure of convocation and carried out the meeting (conference) of the issuer supreme governance body

Name of the top body of the issuer's management: ***General meeting of shareholders***

The order of shareholders' notifying on meeting (session) carrying out of the top body of the issuer's management in accordance with the Articles:

11.5. Notification on the General Meeting of shareholders carrying out is addressed to (or handled to) each person indicated in the list of persons possessing the right to take part in the General meeting of shareholders and also shall be published by the Company at least 30 days prior to the date of its carrying out in socio-political newspaper "Izvestia".

If the nominee shareholder is registered in the Company's shareholder's register the notification on the General meeting of shareholders carrying out is directed to the nominee shareholder if the list of persons possessing the right for participation in the General meeting of shareholders does not contain other postal addresses the notification on the General meeting of shareholders shall be directed to.

11.6 Agenda issues voting bulletins shall be sent via postal special delivery to the address indicated in the list of persons possessing the right to participate in the general meeting of shareholders or given against signature to each person indicated in the list of persons possessing the right to participate in the General meeting of shareholders if there is no other address the notification on the General meeting of shareholders carrying out shall be sent to.

Each person included into the list shall be presented one copy of the bulletin for voting concerning all items or one copy of two and more bulletins for voting concerning different issues.

12.4 Notification on the General Meeting of shareholders carrying out by means of the absentee voting shall be published by the Company in the socio-political newspaper "Izvestia" at least 30 (Thirty) days prior to the date of the bulletin acquisition deadline.

12.5. Agenda questions voting bulletins shall be sent via postal special delivery to the address indicated in the list of persons possessing the right to participate in the general meeting of shareholders or given against signature to each person indicated in the list of persons possessing the right to participate in the General meeting of shareholders at least 20 (Twenty) days prior to the date of the Company's bulletins acquisition deadline.

Each person included into the list shall be presented one copy of the bulletin for voting covering all agenda items or one copy of two and more bulletins for voting concerning different issues.

The order of persons' familiarization with agenda items information (materials) concerning the agenda of the General meeting of shareholders and the list of such information (materials) shall be determined by the decision of the Company's Board of Directors.

Persons (bodies) entitled to convene (require holding) of the extraordinary meeting (session) of the issuer's top management body and also the order of the direction (presentation) of such requirements in accordance with the Articles:

14.2. *Extraordinary General Meeting of Shareholders shall be carried out by the decision of the Board of Directors of the Company on the basis of their own initiative, requirements of the Checkup Committee of the Company, Company's Auditor and also a shareholder (shareholders) of the Company possessing at least 10 (Ten) per cent of the voting shares of the Company for the date of the requirement presentation.*

14.4 *Items that are to be included into the agenda of the Company's General Meeting of Shareholders shall be presented in the requirement of the Company's General meeting of shareholders carrying out.*

14.5. *If the requirement to hold the Extraordinary General Meeting of shareholders of the Company is presented by the shareholder (shareholders), it shall contain the name (description) of the shareholder (shareholders) requiring the meeting carrying out indicating the quality, category (type) of the Company's shares belonging to them.*

Requirements of the company's extraordinary General Meeting of shareholders convening shall be signed by a person (persons) who require the Company's Extraordinary General Meeting of shareholders.

The order of the meeting date of the Issuer's top management body determination is carried out in accordance with the Articles:

11.1. *Annual General meeting of shareholders of the Company shall be carried out not earlier than two months after and not later than six months after the financial year end.*

Annual General meeting of shareholders must solve the issues of the election of the Board of Directors, and Checkup committee. It must also approve the Auditor of the Company, Annual report of the Company presented by the Company's Board of Directors together with reports on profits and losses (income statement) of the Company, and also profit distribution (including the payment (declaration) of dividends except for profit distributed as dividends concerning the results of the first quarter, half year, nine months of the financial year) and losses of the Company concerning the results of the financial year.

14.3. *Convening of the General Meeting of shareholders by the requirement of the Checkup Committee of the Company, Auditor of the Company and shareholder (shareholders) being the owners of at least 10 (Ten) percent of the Company's voting shares is carried out by the Company's Board of Directors.*

Such General meeting of shareholders shall be carried out within 40 (Forty) days since the moment of the requirement presentation on the Company's General Meeting of shareholders carrying out, except for the case determined by paragraph 14.9 of the Articles.

Persons who are entitled to introduce suggestions to the agenda of the issuer's top management body meeting and also the order of such suggestions introduction according to the Articles:

13.1. *Shareholders (shareholder) being the owners of at least 2 per cent of the company's voting shares possess the right to introduce the amendments to the agenda to the Annual general meeting of shareholders and promote candidates to the Company's Board of Directors and Checkup committee, which amount can not exceed the qualitative structure amount of the correspondent body. Such proposals shall be introduced to the Company not later than 60 (Sixty) days after the financial year end.*

13.2. *The suggestion to introduce the issues to the agenda of the General Meeting of shareholders and the suggestion on the candidates promotion shall be presented in the written form with the indication of the name (description) of the shareholders (shareholder) representing them, amount and category (type) of shares belonging to them and are to be signed by the shareholders (shareholder).*

13.3. *The suggestion to present the items to the agenda of the General meeting of shareholders shall contain the wording of each proposed item, and the proposal on candidates' promotion shall contain the name and data of the document of identification (series and (or) number of the document, date and place of its issue and the body issued the document) of each promoted candidate, and the name of the body he/she is promoted to.*

Persons that possess the right to familiarize themselves with information (materials), presented for the preparation and carrying out of the meeting (session) of the top management body of the issuer and also the order of familiarization with such information (materials) in accordance with the Articles:

11.7. Information (materials) concerning the agenda items of the General Meeting of shareholders 20 (Twenty) days prior, or should the General Meeting of shareholders agenda contain the item on the Company's restructuring - 30 (Thirty) days prior to the General Meeting of Shareholders carrying out shall be available for the persons entitled to take part in the General Meeting of shareholders for them to familiarize themselves in the office of the General Meeting of shareholders. The abovementioned information (materials) shall be available for the persons entitled to take part in the General meeting of shareholders during its carrying out.

The order of the persons entitled to take part in the General meeting of shareholders familiarization with information (materials) concerning the agenda items of the General meeting of shareholders and the list of such information shall be determined by the Company's Board of Directors.

8.1.5. Data on the commercial organizations in which the issuer owns at least 5 percent of the authorized (joint-stock) capital (share fund) or at least 5 percent of ordinary shares

There are no commercial organizations in which the issuer owns at least 5 percent of the authorized (joint-stock) capital (share fund) or at least 5 percent of ordinary shares as of the end of the IV quarter..

8.1.6. Information on substantial transactions made by the issuer

In the reporting quarter, the issuer did not make substantial transactions (group of interconnected transactions) which amount of obligations accounts for 10 and more per cent of the balance value of the issuer's assets concerning the date of his/her financial statement for the past accounting period prior the transaction making.

8.1.7. Information on credit ratings of the issuer

The issuer and/or its securities were given no credit ratings.

8.2. Information on each category (type) of the issuer's shares

Category: *ordinary registered shares*

Nominal value of each share: *RUR 0.5*

Amount of outstanding shares (amount of shares canceled or void): *28,249,359,700 (twenty-eight billion two hundred and forty-nine million three hundred and fifty-nine thousand seven hundred) pieces*

Amount of additional outstanding shares being in the process of placement (amount of shares of the additional issue which did not go through the state registration of the report on the results of the issue): *no such shares*

Amount of declared shares: *no such shares*

Amount of shares being on the issuer's balance: *no such shares*

Amount of the additional shares which can be placed as a result of conversion of the placed securities convertible into shares or as a result of the obligations carrying out concerning the issuer's option: *no such shares*

State registration number and the date of the state registration of the issuer's shares:

1-01-65116-D as of May, 31, 2005,

Rights the ordinary shares holders are entitled with:

According to paragraph 6.2. of article 6 of the Issuer's Articles: "Each ordinary share entitles the shareholder – its owner with equal amount of rights.

Shareholders – owners of the ordinary shares of the Company are entitled to:

- 1) take part personally or via representatives in the General meeting of Company's' shareholders with the right to give votes for all the questions concerning their scope of functions;*
- 2) introduce the suggestions to the agenda of the general meeting in the order determined by the Legislation of the Russian Federation and Articles;*
- 3) acquire information concerning the Company's activity and get acquainted with the documents of the Company in accordance with article 91 of the Federal law "On Joint-Stock Companies", other normative legal acts and the Article;*
- 4) receive dividends declared by the Company;*
- 5) primarily acquire additional shares and equity securities convertible into shares placed by means of open public subscription in the amount proportionate to the amount of ordinary shares belonging to them;*
- 6) get a part of its property in case of the Company's liquidation;*
- 7) carry out other rights determined by the legislation of the Russian Federation and the Articles"*

Paragraph 13.1 of article 13 of the Charter: "Shareholders (shareholder) of the Company, possessing together with the owners at least 2 per cent of the voting shares of the Company are entitled to introduce items to the agenda of the Annual general meeting of shareholders and promote candidates to the Board of Directors of the Company and Checkup Committee of the Company. Their amount shall not exceed the quantitative structure amount of the correspondent body. Such proposals shall be presented to the Company not later than 60 (Sixty) days after the financial year end."

Paragraph 14.2 of Article 14 of the Articles: "Extraordinary General meeting of shareholders shall be carried out by the Decision of the Company's Board of Directors on the basis of their own initiative, requirements of the Checkup committee of the Company, Auditor of the Company or shareholder (shareholders) of the company being the owners of at least 10 (Ten) per cent of the voting shares of the company for the date of the requirements presentation"

Paragraph 21.7 of article 21 of the Articles: "Checkup (Audit) of the financial and industrial activity of the Company can be carried out each time by the initiative of the Checkup Committee of the Company, decision of the General meeting of shareholders, Company's Board of Directors or by the requirement of the shareholder (shareholders) of the Company possessing in total at least 10 per cent of the voting shares of the Company"

8.3. Information on preliminary issues of the issuer's equity securities except for the issuer's shares

The issuer did not carry out issue of equity securities except for the shares.

8.3.1. Information on the issues where all equity securities are redeemed (cancelled)

There are no issues where all equity securities were redeemed (cancelled).

8.3.2. Information of the issues which all securities are in turnover

There are no issues which all securities are in turnover except for the issuer's shares.

8.3.3. Information on the issues where issuer/s securities obligations were not fulfilled (default)

There were no securities issues which securities obligations were not fulfilled (default).

8.4. Information on the person (persons) who act as the guarantor

The issuer has not issued bonds before.

8.5. Conditions of the Bonds issue obligation fulfillment

The issuer has not issued bonds before.

8.6. Data on the organizations which carry out registration of the rights to the equity securities

The person who keeps the register of owners of the issuer's nominal securities - *the registrar*.

Full company name: *“Reestr-Service Specialized Registrar” Closed Joint-Stock Company*

Short company name: *“Reestr-Service Specialized Registrar” CJSC*

Location of the registrar: *115035, Moscow, Sadovnicheskaya Street, 15*

Number of the license: *10-000-1-00312*

Date of license issuance: *30 March 2004*

Validity of the registrar's license for carrying out the activities of keeping the register of securities owners: *for an indefinite time*

The authority which issued the license: *Federal Commission for the Securities Market of the Russian Federation*

Other data on keeping of the register of owners of the issuer's nominal securities pointed by the issuer by its sole discretion: *no such data*

8.7. Data on the legislative acts regulating issues of import and export of the capital, which may influence payment of dividends, interest and other payments to non-residents

The Tax Code of the Russian Federation, part I, as of 31 July 1998 No. 146-FZ (146-Φ3) (as amended as of, as follows: 30 March and 9 July 1999; 2 January, 5 August and 29 December 2000; 24 March, 30 May, 6, 7 and 8 August, 27 and 29 November, 28, 29, 30 and 31 December 2001; 9 May, 24 and 25 July, 24, 27 and 31 December 2002; 6, 22 and 28 May, 6, 23 and 30 June, 7 July, 11 November, 8 and 23 December 2003; 5 April, 29 and 30 June, 20, 28 and 29 July, 18, 20 and 22 August, 4 October, 2 November 2002);

The Tax Code of the Russian Federation, part II, as of 5 August 2000 No. 117-FZ (117-Φ3) (as amended as of, as follows: 29 December 2000; 30 May, 6, 7 and 8 August, 27 and 29 November, 28, 29 and 31 December 2001; 29 May, 24 and 25 July, 24, 27 and 31 December 2002; 6, 22 and 28 May, 6,

23 and 30 June, 7 July, 11 November, 8 and 23 December 2003; 5 April, 29 and 30 June, 20, 28 and 29 July, 18, 20 and 22 August, 4 October, 2 and 29 November, 28, 29 and 30 December 2004);

The Customs Code of the Russian Federation as of 28 May 2002 No.61-FZ (as amended as of 23 December 2003, as of 29 June 2004, as of 20 August 2004, as of 11 November 2004);

Federal Law No. 173-FZ (173-Φ3) as of 10 December 2003 "On foreign currency regulation and foreign currency control" (as amended as of 29 July 2004);

Federal Law No. 160-FZ (160-Φ3) as of 9 July 1999 "On foreign investments in the Russian Federation" (as amended as of 21 March 2002, as of 25 July 2002, as of 8 December 2003);

Federal Law No. 39-FZ (39-Φ3) as of 25 February 1999 "On investment activities in the Russian Federation in the form of capital foreign investments" (as amended as of 2 January 2000, as of 22 August 2004);

Federal Law No. 115-FZ (115-Φ3) as of 7 August 2001 "On combating money laundering and financing of terrorism" (as amended as of 25 July 2002, as of 30 October 2002, as of 28 July 2004);

Decree No.1184 of the President of the Russian Federation as of 10 June 1994 "On improvement of the Russian Federation bank system operation" (as amended as of 27 April 1995)

The Regulations of the Central Bank of the Russian Federation No. 269-P (269-II) as of 4 May 2005 "On opening of non-residents' bank accounts by The Bank of Russia in the currency of the Russian Federation and carrying out of operations under the specified accounts".

Instruction No. 117-I (117-II) of the Central Bank of the Russian Federation as of 15 June 2004 "On the procedure of representation by residents and non-residents of documents and information at realization of foreign currency transactions to the authorized banks; the procedure of the accounting by the authorized banks of foreign currency transactions and registration of transaction certificates";

Instruction No. 96-I (96-II) of the Central Bank of the Russian Federation as of 28 December 2000 "On special accounts of the type "C" of non-residents" (as amended by the Decree No.1253-U as of 25 February, No.1319-U as of 13 August 2003 of the Central Bank);

The circular No. 20 of the Central Bank of the Russian Federation as of 31 October 2002 "Generalization of the practice of implementation of regulatory acts of the Bank of Russia regarding the issues of exchange regulation";

The circular No.05-OV-03/5060 of the Federal Financial Markets Service (FFMS) of the Russian Federation as of 6 April 2005 "On payment for securities with foreign currency";

The circular No. 31 of the Central Bank of the Russian Federation as of 31 March 2005 "Questions connected with application of the Federal Law No. 173-FZ (№173-Φ3) as of 10 December 2003 "On foreign currency regulation and foreign currency control" and statutory acts of The Bank of Russia";

International agreements of the Russian Federation on issues of prevention of double taxation.

Other regulatory legal acts of the Russian Federation.

8.8. ODescription of incomes taxation procedure of the issuer's floated equity securities and equity securities which are in the process of floatation

Taxation of income of physical persons (tax residents of the Russian Federation, and those who are not tax residents of the Russian Federation but who receive income from sources in the Russian Federation).

In compliance with item 208 of the RF-TC, dividend and interest received from the Russian organization, income from selling the issuer's securities in the Russian Federation and beyond its bounds are the incomes which are subject to income taxation of physical persons.

If the source of the income in the form of the dividend is the Russian organization, the specified organization is recognized to be a tax agent and determines the amount of the tax separately for each tax

payer with reference to each payment of the specified incomes under the 9% rate (item 224 of the RF-TC) in accordance with the procedure established by item 275 of the RF-TC.

The tax amount is calculated proceeding from the total amount of the tax and the share of each tax payer in the total amount of dividends. The total amount of the tax is determined as a product of the tax rate and the difference between the amount of the dividends to be distributed between shareholders (participants) in the current tax period reduced by the amounts of the dividends to be paid by the tax agent of the foreign organization and (or) to the physical person who is not a resident of the Russian Federation, in the current tax period, and the amount of the dividends received by the tax agent in the current reporting (tax) period.

If the Russian organization - the tax agent, pays dividends to the physical person - non-resident of the Russian Federation, the 30% tax rate is applied to these payments according to item 3, Article 224, the RF-TC.

In compliance with Article 214.1 of the RF-TC, the tax base under each operation with securities and operations with financial instruments of term transactions, the basic asset under which are securities (futures and option transactions at the stock exchange), is defined separately. Thus, the incomes received under the following operations are registered:

Sale and purchase of securities which are outstanding at the organized securities market;

Sale and purchase of the securities which are not outstanding at the organized securities market;

With financial instruments of term transactions, the basic asset under which is securities;

Sale and purchase of investment units of share investment funds, including their repayment;

With securities and financial instruments of term transactions, the basic asset under which is securities, which are carried out by a trustee in favour of the trustor that is a physical person.

According to item 3, Article 214.1, the RF-TC, the tax base - the income (loss) under operations of sale and purchase of securities, is defined as the amount of incomes under the total number of transactions with securities of the corresponding category completed during the tax period minus the amount of losses. The income (loss) is defined as a difference between the amounts received from securities selling and charges on purchase, selling and storage of securities, or the property deductions accepted in the part of reduction of incomes of the securities sale and purchase transaction.

The income under the transaction of sale and purchase of the securities outstanding on the organized securities market is reduced by an amount of interest for using of the involved money resources, but within the limits of the amounts calculated proceeding from the current rate of refinancing of the Central Bank of the Russian Federation. The amount of the loss under such transaction is defined in view of the limiting border of fluctuations of the market price of securities. Thus, the securities outstanding on the organized securities market include the securities admitted to the outstanding at trade organizers' who have the license of the federal authority for regulation of the securities market.

If charges may not be directly referred to charges on purchase, selling and storage of the specific securities, the specified charges are distributed proportionally to the value estimation of the securities, the specified charges are incurred in relations to. If it is impossible to confirm the charges documentary, the tax payer is entitled to use the property tax deduction stipulated by paragraph 1, subitem 1, item 1, Article 220, the RF-TC.

The property tax deduction or deduction in the amount of actually incurred and documentary confirmed charges is provided to the tax payer at calculation and payment of the tax to the budget from the source of income payment or upon termination of the tax period at submission of the tax declaration to the tax authority. If there are several sources of income payment, the property tax deduction is made only from one source of income payment at the tax payer's option.

At definition of tax base under operations of securities sale and purchase, it is necessary to take into consideration that the loss under operations with the securities outstanding on the organized securities market reduces the tax base under securities sale and purchase operation of this category. The income from operations of sale and purchase of securities which are not outstanding on the organized securities market, which at the moment of their purchase met the requirements established for the securities

outstanding on the organized securities market, may be reduced by an amount of the loss received from operations of sale and purchase of securities outstanding on the organized securities market.

The tax base under operations with financial instruments of term transactions is defined as a difference between the positive and negative results received based on the results of reassessment of obligations and rights of requirements under completed transactions and execution of financial instruments of term transactions, in view of payment of services of exchange intermediaries and stock exchange on opening of positions and keeping of the physical person's accounts. Thus, the tax base increases by an amount of the bonuses received under transactions with options, and decreases by an amount of the bonuses paid under the specified transactions.

At definition of the tax base under operations with the securities which are carried out by the trustee, charges of the tax payer also include the amounts paid to the trustee in the form of remuneration and compensation of the charges incurred by him/her under the operations with securities.

If at realization of trust management, transactions with securities of various categories are completed, and if there appear other types of income (dividend, interest), the tax base is defined separately for each category of securities and each type of income. Charges which cannot be directly referred to reduction of the income under transactions with securities of the corresponding category or to reduction of the corresponding type of income, are distributed proportionally to the share of each type of income.

The tax base under operations of sale and purchase of securities and operations with financial instruments of term transactions is defined upon termination of the tax period (i.e. year). Thus calculation and payment of the amount of the tax is performed by the tax agent upon termination of the tax period or at realization of payment of money resources by it to the tax payer before the expiration of the next tax period. In this case the tax should be paid from the share of the income which corresponds to the actual amount of paid money resources. At realization of payment more than once during the tax period, the calculation of the amount of the tax is made by an accruing result taking into account the tax amounts paid earlier.

The tax agent with respect to the incomes of operations with the securities referred to the trustees is the latter. The tax base under these operations is defined at the date of the end of the tax period or at the date of payment of money resources before the expiration of the tax period. The tax thus is subject to payment within one month from the date of the termination of the tax period or the date of payment of money resources (transfer of securities). At realization of payments from the funds which are in trust management before the expiration of the trust management contract or before the termination of the tax period, the tax is paid from the share of the income which corresponds to the actual amount of the funds which are paid to the trustor.

If it is impossible to deduct the computed tax from the tax payer by the income payment source, the tax agent within one month from the moment of occurrence of this circumstance notifies in writing the tax authority in the locality where it is registered on the impossibility to deduct the tax and on the amount of the tax payer's debt. Payment of the tax in this case is made by equal shares in two payments: the first is made not later than 30 days from the date of delivery by the tax authority of the notice on payment of the tax; the second is paid not later than 30 days after the first term of payment.

The order of the tax calculation under incomes of operations with securities is defined by item 1, Article 225, RF-TC, according to which the tax amount is estimated as a percentage share of the tax base complying with the tax rate (for physical persons - tax residents of the Russian Federation, it is 13%; for the physical persons, who are not tax residents of the Russian Federation, it amounts to 30%, in conformity with Article 224 of the RF-TC).

Taxation of legal entities (of both the Russian organizations, and the foreign organizations which carry out their activities in the Russian Federation through permanent representative offices and/or receive income from the sources in the Russian Federation).

According to item 1, Article 250, the RF-TC, the incomes from the individual shares in other organizations (in the form of dividend) and the incomes received from operations with financial instruments of term transactions are recognized to be extraordinary incomes which are taxable. Thus, the

date of reception of the income is the date of receipt of money resources on the settlement account (cash register) of the tax payer.

According to item 1, Article 265, the RF-TC, charges in the form of interest under debt instruments of any type (including under securities and other obligations which are issued by the tax payer, charges on the organization of issuance of own securities, servicing of own securities, granting of the information to shareholders, and the charges connected with service of securities acquired by the tax payer are extraordinary charges which reduce the tax base under the profit tax. The date of realization of the extraordinary charges connected with acquisition of securities is the date of realization or other retirement of securities.

The peculiarities of definition of the tax base under the incomes received from the individual share in other organizations (dividend) are established in Article 275 of the RF-TC.

If the source of the income is the Russian organization, the specified organization is recognized to be the tax agent and defines the amount of the tax. Thus, the amount of the tax to be deducted from incomes of the dividends' receiver is calculated by the tax agent proceeding from the total amount of the tax and the share of each tax payer in the total amount of the dividend. The total amount of the tax is defined as a product of the 9% tax rate (Article 284 of the RF-TC) and the difference between the amount of the dividend which are subject to distribution between shareholders in the current tax period reduced by the amounts of the dividends payable by the tax agent to the foreign organizations and/or the physical person who is not the RF resident, in the current tax period, and the amount of the dividend received by the tax agent in the current tax period. If the difference is negative, there is not an obligation to pay the tax, and the compensation from the budget is not made.

If the Russian organization - the tax agent, pays the dividend to the foreign organization and/or to the physical person who is not the RF resident, the tax base of the tax payer - the dividends' receiver, is defined as the sum of paid dividends, and the 15% tax rate (Article 284 of the RF-TC) or 30% (Article 224 of the RF-TC) are accordingly applied to it.

The peculiarities of definition of tax base under operations with securities are established in Article 280 of the RF-TC.

Incomes of the tax payer from operations on selling or another retirement of securities (including repayment) are defined proceeding from the price of selling or another retirement of the securities, and also the amount of the accumulated interest (coupon) income which was paid by the buyer to the tax payer, and the amount of the interest (coupon) income which was paid to the tax payer by the issuer (drawer of bill). Thus, the income does not include the amounts of the interest (coupon) income which were earlier registered at taxation.

Charges at selling/other retirement of securities are defined proceeding from the price of purchase of the securities, expenses for its selling, amount of the accumulated (coupon) income paid by the tax payer to the seller of the securities. Thus, the charges do not include the amounts of the interest (coupon) income which was earlier considered at taxation.

The actual price of selling or other retirement of the securities which are in the interval between the minimal and maximal prices of transactions with the specified securities registered by the securities market trade organizer at the date of fulfilment of the respective transaction is accepted for the purposes of taxation as a market price. In case of selling of the securities, which are outstanding on the securities market, at the price which is below the floor price of transactions on the organized securities market, the floor price of the transaction for the organized securities market is accepted at definition of the financial result.

With respect of the securities which are not outstanding on the organized securities market, the actual price of selling or other retirement of these securities is accepted for the purposes of the taxation at meeting at least even one of the following conditions:

If the actual price of the respective transaction is in the interval of the prices under similar securities registered by the trade organizer of the securities market at the date of completion of the respective transaction, in the even that these securities were traded at the trade organizer's at least once within the past 12 months;

If the deviation of the actual price of the respective transaction is within the limits of 20% aside an increase or downturn from the average weighted price of the similar securities calculated by the trade organizer of the securities market according to the rules established by it based on the trading results at the date of the completion of such a transaction or at the date of the nearest trading, which took place before the day of completion of the respective transaction, if the trading in these securities were held at the trade organizer even once within the past 12 months.

The tax base under the operations with securities is defined by the tax payer separately. Thus, the tax base under operations with the securities which are outstanding on the organized securities market is defined separately from the tax base under operations with the securities which are not outstanding on the organized securities market.

At selling or another retirement of securities, the tax payer independently according to the accounting policy accepted for the purpose of taxation defines one of the following methods of a write-off of the value of the retired securities to charges:

at the value of the first purchases;

at the value of the most recent purchases;

at the value of the unit.

The tax payers who received the loss from operations with securities in the previous tax period or during the previous tax periods, have the right to reduce the tax base received under operations with securities in the reporting (tax) period. Thus, losses from operations with the securities which are not outstanding on the organized securities market, received in the previous tax period, may be referred to reduction of the tax base from operations with such securities defined in the reporting (tax) period. Losses from operations with the securities outstanding on the organized securities market received in the previous tax period may be referred to reduction of the tax base from the operations on selling of this category of securities.

The incomes received from operations with securities which are outstanding on the organized securities market may not be reduced by charges or losses from operations with the securities which are not outstanding on the organized securities market. The incomes received from operations with securities, which are not outstanding on the organized securities market, may not be reduced by charges or losses from operations with the securities which are outstanding on the organized securities market.

In compliance with Article 286 of the RF-TC, the tax is defined as a percentage share of the tax base complying with the tax rate (for legal entities - tax residents of the Russian Federation, 24 %; for foreign legal entities-non-residents, 20 %; according to Article 284 of the RF-TC). The amount of the tax following the results of the tax period is defined by the tax payer independently.

Following the results of each reporting (tax) period, tax payers calculate the amount of advance payment proceeding from the tax rate and the taxable profit calculated as an accruing result from the beginning of the tax period to the end of the reporting (tax) period. During the accounting period, tax payers calculate the amount of monthly advance payment.

If the tax payer is the foreign organization receiving incomes from sources in the Russian Federation, which are not connected with permanent representative offices in the Russian Federation, the obligation on definition of the amount of the tax, deduction of this amount from incomes of the tax payer and transfer of the tax to the budget is assigned to the Russian organization, which pays the specified income to the tax payer. The tax agent defines the amount of the tax under each payment (transfer) of money resources or other reception of the income. If the source of incomes of the tax payer in the form of dividends is the Russian organization, the obligation to deduct the tax from incomes of the tax payer and to transfer it to the budget is assigned to this source of incomes. Thus, advance payments under the tax are withheld from incomes of the tax payer at each payment of such incomes. Under the incomes which are paid to the tax payers in the form of dividends, the tax withheld at payment of the income is transferred to the budget by the tax agent who has carried out the payment, within 10 days from the date of payment of the income.

The tax from the incomes received from operations of securities selling is taxable after the tax period and is payable not later than the time fixed for submission of tax declarations for the respective tax period (not later than on the 28th of March of the year following the expired tax period). Advance payments following the results of the reporting period are paid not later than the time for submission of tax declarations for the

respective reporting period (not later than 28 days from the date of the end of the respective reporting period).

The monthly advance payments which are subject to payment during the reporting period are paid in the time not later than on the 28th day of each month of this reporting period. The tax payers calculating monthly advance payments under the actually received profit pay advance payments not later than on the 28th day of the month following the month, based on the results of which the calculation of the tax is made.

8.9. Data on declared (accrued) and paid dividends per the issuer's shares, and also on income from bonds of the issuer

Information is not specified as the issuer did not déclassé (accrue) and did not pay dividends per its shares, as well as it did not carry out issue of bonds.

8.10. Other data

No other data

**ATTACHMENT No. 1 Regulations on inside information of OJSC «Moscow
Regional Electric Grid Company»**

«APPROVED»

by decision of the Board of Directors
of OJSC «Moscow Regional Electric Grid
Company»

(Minutes No.11 as of 3 November 2005)

Chairman of the Board of Directors

_____ Rappoport A.N.

Regulations
on inside information
of JSC «Moscow Regional Electric Grid Company»

1. Basic terms used in the Regulations

Inside information is any data not disclosed by OJSC «Moscow Regional Electric Grid Company» (hereinafter referred to as “the Company”) which refer to securities of the Company and its subsidiaries and dependent entities as well as issuers of the securities and activities they implement, provided that disclosure of the data may significantly influence market price of the above mentioned securities and which put owners of the securities at an advantage over other persons regarding decision-making on keeping and (or) purchase and (or) securities disposal.

1.1.1 Inside information may particularly include the following information:

- Data on decisions of the Company’s collegial executive body;
- Data on commercial intendments (prior to their realization) which disclose prospective of extension (scaling down) of production and other activities except for the case when the intendments are announced by the Company;
- Data on planned process activities of the Company and its SDEs as well as management of the Company and its SDEs (members of boards of directors, sole executive bodies, members of collegial executive bodies, chief accountants) during consideration of trials with their participation (including complaints and requests as well as provided evidences);
- Data on preparation for, and contents of sessions, meetings, business meetings, negotiations on issues of effectiveness of the Company’s activities, provision of competitive abilities of activities;
- Data on reorganization or bankruptcy of the Company and its SDEs disclosed in the order set by the federal executive authorities executing the function on passage of regulatory legal acts, control and supervision in the field of financial markets up to the moment of disclosure, as well as data which is not subject to disclosure;
- Data on planned changes in management or management structure of the Company and its SDEs;
- Data on individual enabling legislation of state bodies directly relating to the Company and its SDE’s which are not subject to public publishing or subject to public publishing prior to the date of the publishing;
- Information which is subject to disclosure in accordance with the Russian Federation legislation on securities market prior to the moment of its disclosure.

1.1.2 The information disclosed or published in mass media as well as data containing evaluation or cost of securities and (or) evaluation of property of the Company and its SDEs carried out on the base of public information shall not be considered insider information. Information shall be considered public provided that it is widespread by method which makes it accessible to any interested person.

Particularly, the following information may be considered public:

- Information disclosed in accordance with the Russian Federation legislation on securities market;
- Posted on the Company’s corporate website;
- Disclosed by the Company’s representatives at public press conferences;
- Published upon consent of the Company in mass media.

Illegal usage of inside information shall be considered any actions concerning insider information carried out with aims which do not meet aims mentioned in paragraph 2.1 of the Regulations.

Illegal usage of inside information includes, among other, the following:

- Purchase and (or) disposal by insider of the Company’s securities or securities of the Company’s SDEs on the basis of insider information;
- Recommendations to third parties on purchase and (or) disposal and (or) keeping of securities of the Company or the Company’s SDEs on the basis of insider information;
- Unsanctioned transfer of inside information to third parties for fee or free.

Insider shall be considered the person who has the access to insider information on the basis of law, another regulatory legal act, position description or the Company’s internal document as well as on the basis of an agreement with the Company.

In any case, Insiders shall be considered, as followed:

- A person exercising the functions of the Company’s sole executive body or the sole executive body of the Company’s SDEs as well as their deputies, and (or) management company and its

employers as well as persons rendering services to management company on the basis of civil and legal agreement having access to insider information due to the functions they exercise;

- Members of the Management board of the Company and management boards of the Company's SDEs;

- Members of the Board of Directors of the Company;

- Members of the Checkup Committee of the Company of the Company as well as the persons involved by checkup committees for implementation of supervision having access to insider information due to the functions they exercise;

- Members of committees under the Company's Board of Directors;

- Company's Chief Accountant;

- Company's Chief Engineer;

- Directors of branches and representative offices of the Company;

- Employees of the Company having access to insider information due to the functions they exercise;

- Company's Registrar including its employees and persons rendering services to the Registrar on the basis of civil and legal agreement having access to insider information due to the functions they exercise;

- Company's Auditor including its employees and persons rendering services to the Auditor on the basis of civil and legal agreement having access to insider information due to the functions they exercise

- Company's Appraiser including its employees and persons rendering services to the Appraiser on the basis of civil and legal agreement having access to insider information due to the functions they exercise;

- Financial consultant and other persons rendering services to the Company and having access to insider information.

A department carrying control over usage of insider information shall be a separate structural department providing for implementation of internal control over financial and business activities of the Company for implementation of listing, a securities department.¹

2. Purpose of the Regulations

The Regulations has been worked out for, as follows:

- Protection of rights and legal interests of shareholders and persons who carry out transactions regarding securities of the Company and the Company's SDEs;

- Provision of the Company's economic security;

- Control over activities of Insiders on the basis of limitation of usage and disposal of insider information;

- Specification of general rules on protection of data which is the Company's insider information;

- Establishing of the order for periodical reporting of Insiders to the Company;

- Informing on responsibility in case of violation of requirements set by the Regulations.

The Company's sole executive body shall provide for achievement of purposes of the Regulations at SDEs by provision of development and establishment of corresponding internal documents at SDEs.

3. Special requirements providing achievement of goal objectives of the Regulations

The Company's sole executive bodies, members of the Board of Directors, members of the Company's Checkup Commission shall have the right of access to any kind of insider information.

Insiders not mentioned in paragraph 3.1 of the Regulations shall have the right of access to insider information necessary for implementation of their duties explicitly provided by current

¹ Up to the moment of establishment of a separate structure department providing implementation of internal control for financial and business activities of the Company for implementation of listing – another department in accordance with the internal documents of the Company.

legislation, other regulatory legal acts, labor, civil or legal agreements with the Company and the Company's internal documents.

The Company as well as members of the Company's bodies of management and control, officials and employees of the Company shall be obliged to take all steps they can to protect and not allow to illegal usage and distribution of insider information.

Insiders shall not have the right to transfer accessible inside information to other persons except for cases explicitly provided by current legislation, other regulatory legal acts, labor, civil or legal agreements with the Company and the Company's internal documents.

Under conduction of legal, civil or legal agreements providing for the right of access to the Company's contractors to inside information, the agreement shall include conditions on non-disclosure and prohibition of illegal usage of inside information, on provision of the list of persons to receive access to the Company's inside information or inside information of the Company's SDEs due to implementation of the agreement, and also confirmation of the fact that the mentioned persons assumed liabilities on non-distribution of inside information and on prohibition of conduction of transactions with its usage (receipts) as well as on liability to declare transactions carried out by Insiders and their affiliates in accordance with requirements of the Regulations.

Employees of the Company authorized to carry out public relations and relations with shareholders due to exercising of position liabilities, shall be obliged to provide for equal ability for all interested persons to get single access to disclosed significant information of the Company as well as to take steps on urgent disprove of unreliable information passed off as insider information.

Insiders shall be recommended to abstain from conduction of transactions regarding the Company's securities during the period when they have access to inside information.

Liabilities of Insiders provided for by the Regulations shall be in effect during the period not less than 6 months starting from the moment of elimination of the reason for the person to be considered Insider provided that a larger period is not provided by the agreement between the Insider and the Company or the Company's inside documents.

A person aware of illegal usage of inside information shall notify the Department implementing control over usage of inside information within 3 (Three) working days starting from the date they become aware of illegal usage of inside information.

The Department implementing control over usage of inside information shall form data base containing information on all Company's Insiders as well as persons on whom liabilities of Insiders are incumbent specifying the reasons for occurrence of the Insider status, or the person on whom liabilities of Insider are incumbent, and the date of cancellation of the status, and information on illegal usage of inside information by them (in case of its presence).

In case of presence of information on illegal usage of inside information, the Department implementing control over usage of inside information shall raise the issue on implementation of discipline or civil and legal measures to the violator for the authorized body not later than within 3 (Three) working days starting from the moment of the data entry; in case of presence of elements of offence, the Department shall raise the issue on initiation of criminal case regarding the offender.

4. Information on transactions of insiders

Members of the Company's Board of Directors, the person exercising functions of the sole executive body including management organization and its officials shall be obliged to disclose information on owning of the Company's securities to the Audit Committee under the Company's Board of Directors.

No later than on the 3rd day of a month next after the reporting one, Insiders shall be obliged to provide the Department implementing control over usage of insider information with a written statement on transactions regarding the Company's securities and (or) securities of the Company's SDEs carried out in the reporting month in the form according to the Appendix No.1 to the Regulations.

The requirements mentioned in paragraph 2.4 of the Regulations shall also cover Insiders provided that the Company's securities and (or) the securities of the Company's SDEs are transferred by them and (or) to them for trust management (except for cases when Insiders own investment units of investment funds assets of which include securities of the Company or the Company's SDEs).

The Department implementing control over usage of inside information shall carry out analysis of possible usage of insider information under conduction of declared transactions within 15th day of a month next after the reporting one, and carry out revelation of not declared transactions by

Insiders as well, and shall provide the Audit Committee under the Company's Board of Directors with information on all transactions by Insiders regarding securities of the Company and the Company's SDEs.

The Audit Committee under the Company's Board of Directors shall provide the Report on transactions regarding securities of the Company and the Company's SDEs to the Board of Directors of the Company before the 20th day of the month next after the reporting one.

The sole executive body shall report the Company's Board of Directors on measures carried out regarding Insiders violated requirement provided for by the Regulations.

Declarations of Insiders and the Report formed in accordance with requirements of the Regulations, and also lists of Insiders are confidential. Officials of the Company and members of the Board of Directors shall bear responsibility in accordance with current legislation for illegal usage and distribution of the information by

5. Liabilities

5.1 The Company's Insiders may be made disciplinary, civilly or legally liable in accordance with conditions of agreements with the Company and current legislation, as well as administratively and criminally liable in accordance with current legislation for illegal distribution and (or) usage of inside information.

5.2 The Company shall require Insiders guilty for illegal usage of insider information for compensation of damage to the Company by the mentioned illegal activities.

5.3 The Company or a shareholder (shareholders) of the Company totally owning not less than 1 percent of placed shares of the Company shall have the right to file an action with the court against a members of the Company's Board of Directors, the Company's sole executive body, members of the Company's collegial executive body or either management organization or manager as well for compensation of damage to the Company as a result of illegal usage or distribution of inside information by the defendant.

**ATTACHMENT No. 2 Regulations on Accounting Policy of OJSC «Moscow
Regional Electric Grid Company» in 2005**

OJSC «Moscow Regional Electric Grid Company»

ORDER

20.05.2005

No.409-48

Podolsk

On accounting policy in 2005

According to the Federal Law of 21 November 1996 No. 129 “On Accounting”. Accounting Regulations and Reporting in the Russian Federation. Accounting Regulations “Accounts and Accounting Reports in the Russian Federation” (SAS 4/99), paragraph 2.1 of Accounting Regulations “Accounting Policy of a Company” (SAS 1/98), approved by Orders of RF Ministry of Finance on 29 July 1998 No.34n, on 06 July 1999 No.43n and on 09 December 1998 No.60n, to other standard acts and methodical instructions in field of accounting and tax legislation, ORDER:

1. To approve and implement the Attachment on accounting policy of OJSC «Moscow Regional Electric Grid Company» in 2005.
2. To entrust control over satisfaction of the Order to First Deputy Executive Director for Economy, Finance, Contractual Work and Accounting Raev A.I. and Acting Senior Accountant Dronov T.P. по принадлежности.

General Director

A.V. Evstafyev

To send to: Senior Engineer, Deputies General Director, Directors of all branches, all services and departments of the General Management.

REGULATIONS
on Accounting Policy
OJSC “Moscow Regional Electric Grid Company”
in 2005

Section 1. General Clauses

The Regulations establish structure, form and method of accounting in OJSC “Moscow Regional Electric Grid Company” under acting normative documents;

The Federal Law of 21 November 1996 No. 129 “On Accounting”;

Accounting Regulations and Reporting in the Russian Federation approved by the Order of the RF Ministry of Finance of 19 July 1998 No.34n (as amended by the order of Russia’s Ministry of Finance of 24 March 2000 No.31n, on 30 March 2001 No.27n);

Accounting Regulations No.1/98 “Accounting Policy of a Company” approved by the Order of the RF Ministry of Finance of 9 December 1998 No.60n (as amended by the order of Russia’s Ministry of Finance of 30.12.1999 No. 107n);

Accounting Regulations No. 2/94 “Account of Agreements (Contracts) on Capital Construction” approved by the Order of the RF Ministry of Finance of 20 December 1994 No.167;

Accounting Regulations No. 3/2000 “Assets and Liabilities with Foreign Currency Representation of the Cost” approved by the Order of the RF Ministry of Finance of 10 January 2000 No.2n;

Accounting Regulations No. 4/99 “Organization’s Accounting” approved by the Order of the RF Ministry of Finance of 6 July 1999 No.43n;

Accounting Regulations No. 5/01 “Material and Production Stocks Accounting” approved by the Order of the RF Ministry of Finance of 9 June 2001 No.44n;

Accounting Regulations No. 6/01 “Fixed Assets Accounting” approved by the Order of the RF Ministry of Finance of 30 March 2001 No.26n (as amended by the order of Russia’s Ministry of Finance of 18.05.2002 No.45n)

Accounting Regulations No. 7/98 “Events After the Reporting Date” approved by the Order of the RF Ministry of Finance of 25 November 1998 No.56n;

Accounting Regulations No. 8/01 “Economic Contingencies” approved by the Order of the RF Ministry of Finance of 28 November 2001 No.96n;

Accounting Regulations No. 9/99 “Organization’s Incomes” approved by the Order of the RF Ministry of Finance of 6 May 1999 No.32n (as amended by the orders of Russia’s Ministry of Finance of 30.12.1999 No. Yu7n, of 30.03.2001 No.27n);

Accounting Regulations No. 10/99 “Costs of an Enterprise” approved by the Order of the RF Ministry of Finance of 6 May 1999 No.33n (as amended by the order of Russia’s Ministry of Finance of 30.12.1999 No. 107n, of 30.03.2001 No.27n);

Accounting Regulations No. 11/2000 “Information on Affiliated Parties” approved by the Order of the RF Ministry of Finance of 3 January 2000 No.5n (as amended by the order of Russia’s Ministry of Finance of 30.12.1999 No. 107n, of 30.03.2001 No.27n);

Accounting Regulations No. 12/2000 “Information on Segments” approved by the Order of the RF Ministry of Finance of 21 January 2000 No.11n;

Accounting Regulations No. 13/2000 “State Support Accounting” approved by the Order of the RF Ministry of Finance of 16 October 2000 No.92n;

Accounting Regulations No. 14/2000 “Intangible Assets Accounting” approved by the Order of the RF Ministry of Finance of 16 October 2000 No.91n;

Accounting Regulations No. 15/01 “Accounting on Borrowed Loans and Credits Costs” approved by the Order of the RF Ministry of Finance of 2 August 2001 No.60n;

Accounting Regulations No. 16/02 “Discounting Operations Information” approved by the Order of the RF Ministry of Finance of 2 July 2002 No.66n;

Accounting Regulations No. 17/02 “Accounting for Research, Development and Technological Costs” approved by the Order of the RF Ministry of Finance of 19 November 2002 No.115n;

Accounting Regulations No. 18/02 “Accounting for Profit Tax Calculation” approved by the Order of the RF Ministry of Finance of 19 November 2002 No.114n;

Accounting Regulations No. 19/02 “Accounting for Financial Investments” approved by the Order of the RF Ministry of Finance of 10 December 2002 No.126n;

Accounting Regulations No. 20/03 “Accounting for Interest and Joint Ventures” approved by the Order of the RF Ministry of Finance of 24 November 2003 No.105n;

Accounting Plan for Financial and Business Activities of Enterprises and its Applications Instruction approved by the Order of the RF Ministry of Finance of 31 October 2000 No.94n;

Working Accounting Plan worked out by JSC “Moscow Regional Electric Grid Company” on basis of Accounting Plan for Financial and Business Activities of Enterprises and its Applications Instruction approved by the Order of the RF Ministry of Finance of 31 October 2000 No.94n;

The Order of the RF Ministry of Finance of 22 July 2003 No.67n “On Forms of Corporate Financial Statements”;

Other acting Russian rules (standards) of accounting.

Section 2. Structure of Accounting and Tax Service

2.1. The General Director of OJSC «Moscow Regional Electric Grid Company» is responsible for organization of accounting in the Company and law observance during implementation of business operations.

2.2. Accounting and tax accounting are maintained by a structure division of OJSC «Moscow Regional Electric Grid Company» – The Accounting Department headed by Senior Accountant.

Senior Accountant of OJSC «Moscow Regional Electric Grid Company» reports directly to the General Director and is responsible for forming of accounting policy, accounting, and opportune delivering of full and reliable accounting report.

2.3. The Accounting Department of the Executive body carries out methodological management of Accounting Services of branches.

2.4. Branches of OJSC «Moscow Regional Electric Grid Company» have own Accounting Services which carry out accounting and tax accounting, make accounting and tax accounting in-house reporting and submit it in the Accounting Department of the Executive body of OJSC «Moscow Regional Electric Grid Company».

2.5. Heads of branches are appointed by the Order of the General Director of OJSC «Moscow Regional Electric Grid Company» and act by their power of attorney.

Senior Accountant of OJSC «Moscow Regional Electric Grid Company» is responsible for observance of approved accounting policy, accounting, and opportune submission of full and reliable accounting report in the Executive body of OJSC «Moscow Regional Electric Grid Company»

Section 3. Typical working plan of accounting, rules of documents calculation, technology of accounting information processing and reporting

3.1. The reporting year is the period from 1 April to 31 December 2005 inclusive.

3.2. According to demands of above-mentioned normative documents on accounting an policy of OJSC «Moscow Regional Electric Grid Company», structural divisions of the Company (branches) carry out accounting and tax accounting, make reports in the order established by the Executive body of OJSC «Moscow Regional Electric Grid Company», execute duties of tax discharge and collection according to demands of tax legislation, are responsible for timely presentation and correct calculation of tax base for taxes centrally paid, and organization of released assets accounting.

3.3. Forms of in-house reporting are worked out in OJSC «Moscow Regional Electric Grid Company» with a glance of classification, systematization and generalization of information.

Forms of interim and annual accounting in OJSC «Moscow Regional Electric Grid Company» are worked out at a basis of forms recommended by the RF Ministry of Finance with a glance of additional indicators introduced by RAO “UES of Russia” JSC.

Accounting reports of OJSC «Moscow Regional Electric Grid Company» are made in the order of, and within the period provided for by normative accounting documents. It is formed by the Accounting Department of the

Executive body under generalized information on properties, liabilities and activities results with a glance of information provided by Accounting Services of branches.

Accounting reports of OJSC «Moscow Regional Electric Grid Company» are made in rubles and submitted in the Department for Accounting and Reporting of RAO «UES of Russia», JSC for control, analysis and forming of recapitulative account in a general group according to paragraph 8 of Methodological Guidelines on Recapitulative Accounting Procedure and Submission (as amended as of 12 May 1999 in thousands of RUR).

To form consolidated statements according to International Financial Accounting Standards by RAO «UES of Russia» JSC OJSC «Moscow Regional Electric Grid Company» systematizes and submits in RAO «UES of Russia», JSC financial information in the form of consolidated tables – invoice breakdown worked out by RAO «UES of Russia», JSC.

3.4. Annual report, accounting balance and statement of incomes and losses of OJSC «Moscow Regional Electric Grid Company» is considered and approved by the General Shareholders Meeting. Accounting report of OJSC «Moscow Regional Electric Grid Company» is submitted in the order of, and within the period provided for by constituent documents, the RF Legislation and directive documents of RAO «UES of Russia» JSC,

Approved annual accounting report of OJSC «Moscow Regional Electric Grid Company» is published not later than on 1 June of the year next after the reporting year (Articles 15 and 16 of the Law «On Accounting»).

3.5. Structure divisions (branches) of OJSC «Moscow Regional Electric Grid Company» without independent balance are the following divisions with settlement account in CB «Transinvestbank»: BIC 044579212, correspondent account 3010181050000000212:

No.	Name of the branch	Legal Address	Bank Details
1	2	3	4
1	South Electric Grids	115201, Moscow, Kashirskoe Shosse Street, 18	40702810600240600049
2	East Electric Grids	107140, Moscow, Nizhnaya Krasnoselskaya Street, 6	40702810100210600100
3	October Electric Grids	127254, Moscow, Rustaveli Street, 2	40702810400210600101
4	North Electric Grids	141070, Moscow Region., Korolev, Gagarina Street, 4	40702810200000600511
5	Noginsk Electric Grids	142407, Moscow Region, Noginsk, Radchenko Street, 13	40702810800240600056
6	Podolsk Electric Grids	142117, Moscow Region, Podolsk, Kirova Street, 65	40702810000240600047
7	Kolomna Electric Grids	140408, Moscow Region., Kolomna, Oktyabrskoy Revolyutsii Street, 381A	40702810100240600057
8	Shatura Electric Grids	140700, Moscow Region, Shatura, Sportivnaya Street, 12	40702810500240600055
9	Dmitrov Electric Grids	141800, Moscow Region, Dmitrov, Kosmonavtov Street. 46	40702810600240600052
10	West Electric Grids	121293, Moscow, 1812 Goda Street, 15	40702810400220602209
11	Mozhaysk Electric Grids	143200, Moscow Region, Mozhaysk, Mira Street, 107	40702810500000600512

12	Volokolamsk Electric Grids	143600, Moscow Region., Volokolamsk, Novosoldatskaya Street, 58	40702810400240600058
13	Kashira Electric Grids	142900, Moscow Region., Kashira, Klubnaya Street, 4	40702810000240600050
14	High-voltage Cable Grids (HVCG)	107140, Moscow, Nizhnyaya Krasnoselskaya Street, 6	40702810700210600102
15	Plant for Repair of Electrical Equipment (PREE)	115201, Moscow, Starokashirskoe Shosse Street, 4A	40702810100220602211
16	Moskabelenergoremont (MKER)	115522, Moscow, Moskvorechie Street, 14B	40702810800220602210
17	Moskabelsetmontazh (MKSM)	113114, Moscow, 2 nd Paveletsky Passage, 4/B	40702810400220602212
18	Backbone Electric Grids (BEG)	115432, Moscow, 2 nd Kozhukhov Passage, 29, building 6	40702810700220602213

Branches are vested property. Property of a branch consists of belongings (assets) assigned to it by the Company, and money and material funds gained during its business activities and including in consolidated balance of the company, reckoned at the balance of the branch, is in ownership of the Company.

3.6. Accounting is carried out on the ground of Working Card of Accounts acting since 1 April 2005.

Working Card of Accounts of the Company is implemented during accounting in subdivisions of the Company, branches and separate divisions. It is made according to Accounting Plan for Financial and Business Activities of Enterprises and its Applications Instruction approved by the Order of the RF Ministry of Finance of 31 October 2000 No.94n and with a glance of functionality of programs used for accounting by the Company.

Senior Accountant of the Company has the right to implement, specify and cancel sub accounts of synthetic accounts and implement additional systems of analytical account.

3.7. Accounting at OJSC «Moscow Regional Electric Grid Company» is carried out on the ground of journal-order form of accounting. At the same time, computer technologies of source accounting information proceedings using specialized accounting programs are implemented.

Records under automated method of accounting are monthly printed and signed by responsible people. They are endorsed by Senior Accountant or their deputies.

3.8. The following computer forms of cost records for internal accounting created in the system of accounting programs are established:

General ledger and (or) turnover balance under accounts

Register of balance turnover

Register of turnovers to balance under accounts;

General ledger of balance

Turnover register on book keeping;

Other registers necessary for analytic and synthetic accounting of business according to demands of normative documents and necessary for prompt receiving of information.

3.9. Reflection in the accounting of economic operations is made according to the working Plan of Accounts of OJSC "Moscow Regional Electric Grid Company". The Company carries out keeping property, obligations and economic operations as making double entries according to the Plan of Accounts of Book Keeping.

OJSC «Moscow Regional Electric Grid Company» and all its branches use typical interdepartmental forms of source cost records approved by Rosstat.

To carry out financial and business operations for which typical forms of source cost records are not provided for, and internal accounting, forms of source cost records are approved for all branches according to the Attachment No.2.

Branches implementing additionally their internal forms of source cost records, approve them by the Order on recording policy observing demands of paragraph 13 of Accounting Regulations and Reporting No.1/98 "Accounting Policy of a Company" in the Russian Federation approved by the Order of the RF Ministry of Finance of 19 July 1998 No.34n. The forms are obligatory for endorsement with the Accounting Department under the General Direction.

Cost records in foreign languages shall have interlinear translation in Russian language.

Original copies of source cost records on business operations created in branches are taken into discount and kept at the place of their creation. Accounting Departments of branches are responsible for their keeping.

Rules of documents circulation in the Company for accounting and tax accounting and reporting are regulated by the schedule of documents circulation. The schedule of documents circulation sets terms for amount of source cost records and other documents submitted to the Accounting Department of the Executive body. The schedule of documents circulation put into operation on 1 April 2005 is a subject of amendment in 2005.

3.11. Accounting of properties (except fixed assets), liabilities and business operations is carried out in rubles and kopecks without rounding up and down. Fixed assets are accounted in rubles. Sum differences of rounding are concerned as financial results.

3.12. For reflection in accounts and reports, costs of assets and liabilities in foreign currency is to be converted into rubles according to

Demands of SAS 3/2000; at the same time, system accounting register information on costs of assets and liabilities in both rubles and relevant foreign currency).

3.13. The right of signing source costs records belongs to Directors of the Company acting at the base of power of attorney. Directors of branches have the right of signing source costs records at the base of power of attorney given by the Company.

The documents which reflect business operations and presuppose cash flow (at banking accounts, register office) are signed by Directors of the Company acting at the base of power of attorney and Senior Accountant, and authorized people. At branches the documents which reflect business operations and presuppose cash flow (at banking accounts, register office) are signed by Directors of branches acting at the base of power of attorney given by the Company, Senior Accountant and authorized people.

3.14. Inventory of property and liabilities is carried out according to the Federal Law of 21 November 1996 No. 129 "On Accounting" and Methodological Instructions on Inventory of Properties and Financial Liabilities approved by the Order on the RF Ministry of Finance of 13 June 1995 No.49.

Order, terms of planed inventory and structure of Central Inventory Commission are set by the order of the General Director of OJSC «Moscow Regional Electric Grid Company». In case inventory is obligatory, they are set on the basis of orders of Directors of branches OJSC «Moscow Regional Electric Grid Company» to the proper party. Approval and structure of local Inventory Commissions are set by orders of Directors of branches.

3.15. During forming of information on segments in the accounting of OJSC «Moscow Regional Electric Grid Company», information on operational segments is considered source, information on geography segments considered secondary. Order and rules of submitting of the information on segments in accounting reports are determined by SAS 12/2000 "Information on Segments".

3.16. Contents of registers of accounting and internal reports are a commercial secret, and in cases provided for by the RF Legislation are a state secret. People, who have obtained access to the information contained in registers of accounting and internal reports, are obliged to keep commercial secret. They are responsible for its disclosure which is determined by the RF Legislation.

3.17. Consolidated accounting statements including indicators of reports of daughter and subsidiary organizations in Russian Federation and outside the country, are carried out with a glance of significance of information including in the account statement in order determined by the RF Ministry of Finance. Consolidated accounting is made by the Accounting Department of Executive body of OJSC «Moscow Regional Electric Grid Company».

Section 4. Methodological aspects of account policy.

4.1. Intangible assets.

Accounting of intangible assets is carried out according to Accounting Regulations No. 14/2000 "Intangible Assets Accounting" approved by the Order of the RF Ministry of Finance of 16 October 2000 No.91n.

4.1.1. Estimation of intangible assets.

Intangible assets purchased for money are estimated in the amount of actual expenses for purchase without compensative taxes (VAT).

Original cost of intangible assets received under agreements which provide for discharge of obligations (payment) with non-monetary funds is determined according to cost of products (assets) which were transferred or were subject of transference by the Company. Costs of products (assets) which were transferred or were subject of transference by the Company are determined according to the price at which in comparable circumstances the Company usually determines costs of similar products (assets).

In case determination of costs of products (assets) which were transferred or were subject of transference by the Company was impossible, the cost of intangible assets gained by the Company is determined according to the price at which in comparable circumstances the Company usually determines costs of similar intangible assets.

Intangible assets of OJSC «Moscow Regional Electric Grid Company» are estimated according to actual expenses without registration of general business expenses and except reimbursable tax for used materials and services of other organizations.

Intangible assets received under agreements of gift (free of charge) are estimated according to their market price at the date of acceptance for accounting. To determine market price, expert conclusion of an independent licensed appraiser is used.

Grounds: Section II SAS 14/2000.

4.1.2. Depreciation of intangible assets.

OJSC «Moscow Regional Electric Grid Company» implements line depreciation accrual method on the basis of original costs and depreciation rate, calculated on the basis of term of useful life of intangible assets object.

Grounds: Sections 15 and 16 SAS 14/2000.

4.1.3. Determination of terms of useful life.

OJSC «Moscow Regional Electric Grid Company» determines terms of useful life of every kind of depreciable intangible assets at the time of their registration on the basis of:

Period of validity of patent, license or other restrictions for use of intellectual property objects;

Expected period of use of the object while OJSC «Moscow Regional Electric Grid Company» can get gain (income). At the same time, the period of useful life of intangible assets object can be determined by specially created commission and approved by proper executive document.

The standard of depreciative deduction for intangible assets with indefinite term of useful life is determined in account for twenty years (but no longer than the period of activities of the Company).

Grounds: Section 17 SAS 14/2000.

4.1.4. Reflection of depreciation deduction in accounting statement.

Depreciation deduction of intangible assets is included in account 05 “Depreciation of intangible assets” except for organizational expenses.

Depreciation deduction of organization expenses are reflected in accounting statement by even reduction of original cost during the period of twenty years (but no longer than the period of activities of the Company).

Grounds: Section 21 SAS 14/2000.

4.2. Fixed assets.

Accounting of fixed assets is carried out according to Accounting Regulations “Fixed Assets Accounting” approved by the Order of the RF Ministry of Finance of 30 March 2001 No.26n; Methodological Instructions on Fixed Assets Accounting approved by the Order on the RF Ministry of Finance of 13 October 2003 No.91n.

4.2.1. Account of fixed assets gained at separation balance sheet after reorganization of JSC “Mosenergo”.

Fixed assets gained at separation balance sheet after reorganization of JSC “Mosenergo” are taken for account at replacement cost which is equal to depreciated cost of the objects of fixed assets at the transmitting side at of the date of reorganization.

The term of useful life of fixed assets objects gained as a result of reorganization is determined on the basis of previous determined terms of use minus the period of actual exploitation of the objects by JSC “Mosenergo”.

4.2.2. The order of rating labor means as fixed assets.

Fixed assets are the assets used either in production, working, servicing or for managerial needs of OJSC «Moscow Regional Electric Grid Company» pending the term of useful use longer than twelve months.

The objects included in the structure of fixed assets which are the subject of obligatory state registration are considered solitary in the structure of fixed assets till the state registration takes place.

In the presence of library stock, cost of the fund printings is added to the structure of fixed assets to the debit of the account 01 “Fixed Assets” from the correspondence of credit of the account 08 “Investment in Fixed Assets”.

Grounds: 1. Paragraph 4 of Section 1 SAS 6/01.

2. Decree of the RF Government of 1 January 2002 No.1 “On Classification of Fixed Assets Included in Depreciation Groups”.

3. The Letter of the RF Ministry of Finance of 12 May 2004 No.16-00-14/159.

4.2.3. Inventory object of fixed assets.

Inventory object of fixed assets is a separate constructively detached object intended to carry out certain independent functions or detached complex of constructively coupled objects which are incorporated and intended to carry out certain work.

In case an object consists of several parts with different terms of useful life, each part is accounted as an independent inventory object.

Grounds: Paragraph 6 of Section 1 SAS 6/01.

4.2.4. Estimation of fixed assets.

Fixed assets are taken on account at original cost. At purchase of paid fixed assets, original cost is determined as sum of actual expenses for purchase, construction and production except for VAT and other compensatory taxes.

Percents for borrowed current assets accrued before taking the fixed assets object on account, in case they are attracted for purchase, construction and production of the object are included in the structure of accrual expenses for purchase, construction and production of fixed assets.

General business and similar expenses are not included in actual expenses for purchase and creation of fixed assets except for the cases when they are directly connected with assets purchase.

In case fixed assets are received as contribution to statutory capital, original cost is considered as endorsed by Directors (participants) pecuniary valuation of fixed assets. In case fixed assets are received under the deed of gift and in other gratuitous cases, original cost is considered their current market cost at of the date of registration.

In case fixed assets are received under agreements which provide for commitments (non-monetary payment), original cost is considered cost of assets passed or the subject of passing from the Company. Cost of assets passed of which are the subject to pass from the Company is determined on the basis of cost of similar fixed assets objects which OJSC «Moscow Regional Electric Grid Company» usually determine in similar conditions.

In case it is impossible to determine cost of assets which were passed or were to be passed, cost of fixed assets received by the Company under agreements providing for commitments (non-monetary payment) is determined on the basis of cost of similar fixed assets objects in similar conditions.

In case fixed assets are received in return for retired property within the limits of agreements on compensation of losses, original cost is considered cost of actual expenses for building of the object of transmitting side fixed in the act of transfer and reception of property.

Original cost of fixed assets objects independent of way of purchase includes also actual expenses for delivery of objects and bringing into state suitable to use. Estimation of fixed assets object cost of which is represented in foreign currency is carried out in terms of rubles according to the rate set by the RF Central Bank acting at the date of taking the object on account 01 “Fixed assets”. The occurring difference between estimation of fixed assets at account of fixed assets and estimation at the account of investment in fixed assets is written off the account of incomes and losses as operational incomes (loses) and is not included in difference of exchange.

Grounds: Paragraphs 7-13 of Section II SAS 6/01.

4.2.5. Change of fixed assets cost.

Change of fixed assets original cost with which they were taken on account is conceded in case of completion, additional equipment, reconstruction, modernization, partial liquidation and revaluation of fixed assets objects.

Revaluation of fixed assets is carried out in order provided for by legislation on the basis of existing executive document of the Company’s Director.

Sum of revaluation of fixed assets object is reflected in debit of fixed assets account in correspondence with credit of surplus account. Sum of revaluation of fixed assets object equal to sum of its discount in previous reporting

periods and included in retained income (losses) account is included in credit of retained income (losses) account in correspondence with debit of fixed assets account.

Sum of revaluation of fixed assets object as a result of revaluation is reflected in debit of retained income (losses) account in correspondence with credit of fixed assets account. Sum of discount of fixed assets object is referred to decrease of surplus of the Company formed at the expense of sum of revaluation of the object carried out in previous reporting periods and is reflected in debit of surplus account and credit of fixed assets account. Exceeding of sum of discount of the object over sum of revaluation included in surplus of the Company as a result of revaluation carried out in previous reporting periods, is reflected in debit of retained income(losses) in correspondence with credit of fixed assets account.

In case of retirement of fixed assets object the sum of its revaluation is written off debit of surplus account in correspondence with credit of retained income account of the Company.

In case of change of original cost of fixed assets object in case of its completion, additional equipment during improvement, flow of own sources of accounting is reflected.

Grounds: 1. Paragraphs 14 and 15 of Section II SAS 6/01.

2. Paragraph 48 of Methodological Instructions on Fixed Assets Accounting approved by the Order on the RF Ministry of Finance of 13 October 2003 No.91n.

4.2.6. Depreciation of fixed assets.

Accrual of depreciation of fixed assets objects is carried out by line method on the basis of original or current (replacement) cost (in case of revaluation) of the fixed assets object and standard of depreciation calculated on the basis of useful use of the object.

Accrual of depreciation of fixed assets passed in leasing is carried out with the concurrence of parties with use of special coefficient to major standard of depreciation.

Cost of housing objects (dwelling houses, halls of residence, flats, etc.), objects equipped with services and utilities and other similar objects, perennial planting and library stock is not repaid which means that depreciation is not accrued. Accrual of depreciation of mentioned objects is carried out in the end of reporting year under set standards of depreciation deduction. Flow of depreciation sum of the objects is taken on separate off-balance account. Fixed assets objects which obtain not changeable in time consumer characteristics are not a subject of depreciation (land and nature objects).

Depreciation deduction of fixed assets objects starts from the first day of the month which follows the month of its taking on account and is carried out up to either full repay of its cost or writing off.

Depreciation deduction of fixed assets objects finishes at the first day of the month which follows the month of either full repay of its cost or writing off.

Depreciation deduction lasts during the period of useful life of fixed assets object except for the cases of its conservation for more than three months according to the decision of the Director of the Company and during the period of its renewal which exceeds twelve months.

For purposes of accounting, accrual of depreciation of fixed assets is carried out on the basis of depreciation standards which are determined according to Decree of the RF Government of 1 January 2002 No.1 "On Classification of Fixed Assets Included in Depreciation Groups" by the commission which is specially created by the Director of a branch and by the commission created by the director of the Company in case for the Executive body.

Grounds: 1.Paragraphs 17, 18, 21, 22, 23 of Section III SAS 6/01.

2. The Letter of the RF Ministry of Finance of 12 May 2004 No.16-00-14/159.

4.2.7. Determination of useful life.

Determination of useful life of fixed assets object is carried out at the time of taking it on account on the basis of expected term of its use according to the Order of the RF Ministry of Finance of 1 January 2002 No.1.

Useful life is determined on the basis of:

Expected term of use of the object according to expected productivity or capacity;

Expected physical depreciation which depends on exploitation regime, natural conditions and influence of hostile environment, repair system;

Regulatory, legal and other limitations on use of the object (for example, term of lease).

Taking of fixed assets objects on account is carried out on the basis of act of transfer and reception of fixed assets which was approved by the Director of the branch OJSC «Moscow Regional Electric Grid Company» and which is made for each separate inventory object or group of objects in provided cases, and other documents.

Actually exploiting objects which are the subject of state registration are also taken on account 01 "Fixed assets" since the time of passing for state registration.

Depreciation of fixed assets objects leased from or to is accrued by the Lessor.

The mentioned point is not implemented towards assets transferred or accepted for leasing. Depreciation of fixed assets objects transferred for leasing is carried out by the Lessor or the Lessee depending on the fact at which balance the objects are according to lease contract.

When purchasing exploited fixed assets object, its original cost is determined on the basis of contract cost of purchase and expenses connected with purchase.

Useful life of exploited fixed assets object is determined by formula evaluation: useful life of a new fixed assets object minus the period of actual exploitation of the object by previous owner.

Useful life of exploited fixed assets object is determined by special commission according to expected useful life or capacity with a glance of real physical and moral depreciation at the time of purchase.

In case if purchased exploited fixed assets object has completely worked out its term according to the information of the supplier and technical passport, its useful life is determined by the branch's commission which has taken the object on discount.

Grounds: 1. Paragraphs 1 and 8 of Article 258 of Chapter 25 of Part 2 of the RF Arbitration Code of Practice.

2. Paragraph 20 of Section III SAS 6/01.

3. Federal Law of 29 October 1998 No.164 "On Leasing".

4. The Order of the RF Ministry of Finance of 1 January 2002 No.1.

5. Paragraph 38 of the Order of the RF Ministry of Finance of 13 October 2003 No.91n.

4.2.8. Retirement of fixed assets separate objects cost.

Fixed assets objects at the cost of not more than ten thousand rubles for a unit and purchased books, brochures and similar publications are written off to expenses by their production or exploitation without reflection at account 02 "Depreciation of Fixed Assets". For safekeeping of the objects during production or exploitation, OJSC «Moscow Regional Electric Grid Company» organizes control over their movement and presence in term of quantity.

To reflect enter and flow of assets accounted according to rules of accounting in the structure of fixed assets and passed from the category of not valuable and high-wearing items, unified forms No. MB-2, MB-4, MB-7, MB-8 are used.

Grounds: 1. Paragraph 18 of Section III SAS 6/01.

2. Order of State Statistics Committee of the Russian Federation of 30 October 1997 No.71a.

3. Order of State Statistics Committee of the Russian Federation of 28 October 2002 No.5.

4.2.9. Expenses for repairs of fixed assets.

Expenses for all types of repair (current, average and capital) are included in costs of the reporting period in which they were carried out. Reserve for future expenses for repairs of fixed assets is not created.

Grounds: Paragraph 72 of Statement No.34n.

4.2.10. Fixed assets retirement.

Profits and losses connected with sales, retirement and other kinds of fixed assets accounting retirement are the subject of placing to profits and losses account as operational profits and losses.

In case of fixed assets and other assets retirement because of inavailability due to inoperability, depreciation and other kinds of retirement, losses are the subject of placing to operational costs.

Grounds: 1. Paragraphs 12, 31 of Section III SAS 6/01.

2. Paragraph 11 of Section III SAS 10/99.

3. Paragraphs 7, 8 of Section III SAS 9/99.

4. Paragraph 82 of Statement No.34n.

4.3. Capital investment account.

Unfinished capital investments include costs for building and assembly works which are not structured by fixed assets handover statements and other documents (including documents which confirm state registration of real

property in cases provided for by legislation), purchase of buildings, equipment, transport, tools, devices, survey work, geological exploration, drilling operations, costs for land allotment and others.

Expenses accounting and calculation of finished capital investments costs are carried out by external method on actual costs that is for each real property object, purchase of land, natural resources separate fixed assets objects, intangible assets, etc.

Capital building objects in temporary service are reflected as unfinished capital investments up to putting into permanent operation.

Unfinished capital investments are reflected in accounting sheet as actual costs.

Objects of finished capital building are included in the structure of fixed assets according to inventory value which is determined separately for each object put into operation.

4.4. Material and production stocks.

Accounting of inventories is carried out according to Accounting Regulations No. 5/01 "Material and Production Stocks Accounting" approved by the Order of the RF Ministry of Finance of 9 June 2001 No.44n.

4.4.1. Structure of material and production stocks

Material and production stocks include assets which meet requirements set by SAS 5/01.

Equipment, tools and maintenance accessories with operating life less than one year are reflected on the structure of material and production stocks at the account 10 "Materials".

Structure of material and production stocks also provides for special tools, devices, equipment (special mountings) and work clothes regardless of productive use term.

Grounds: 1. Paragraph 2 of Section I SAS 5/01.

2. Paragraph 13 of Section 2 of the Order of the RF Ministry of Finance on 26 December 2002 No.135n.

4.4.2. Estimation of material and production stocks.

Material and production stocks are taken into accounting according to their actual cost of acquisition or production.

General business expenses and other similar expenses are not included in actual expenses for purchase of material and production stocks except for the cases when they are directly connected with purchase of material and productive stocks.

Actual cost of material and productive stocks the company got due to gift agreement or without consideration and left after fixed assets and other assets retirement, is determined according to their market price as of the date of taking into accounting.

Actual cost of material and productive stocks passed into deposit in authorized capital stock (share capital) of the Company is determined according to their appraised monetary value concerted by founders (members) of the Company unless otherwise is stipulated by the RF legislation.

Actual cost of material and productive stocks the company got due to agreements which provide for performance of obligations (payment) by non-monetary assets is considered expenses of assets which were passed or were the subject to pass by the Company.

Actual expenses of OJSC «Moscow Regional Electric Grid Company» for delivery of material and production stocks including commodities for selling before their passing to sale, are included in material and production stocks actual cost.

Estimation of material and production stocks the Company got due to unbilled deliveries including often used for repair and reconstruction and capital building is carried out according to similar material and production stocks average cost in previous month.

Unbilled deliveries enter material assets accounts (depends on purpose of material assets being delivered).

At the same time, material assets enter and are taken into account in analytical and synthetic accounting according to prices established in the Company.

Commodities purchased by branches of OJSC «Moscow Regional Electric Grid Company» are reflected at the account 41 "Commodities".

Material and production stocks which belong to OJSC «Moscow Regional Electric Grid Company» but are in passing or passed on security are reflected in accounting according to accounting prices.

The following prices are used as accounting prices of materials:

a) Transaction prices. In this case, other expenses which enter materials actual cost are accounted separately in the structure of ordering costs;

6) Materials actual cost according to data of either previous month or previous reporting period (reporting year). In this case, fluctuation between materials actual cost of current month and their accounting price are accounted in the structure of ordering costs.

Final product is reflected in accounting sheet according to actual production cost which includes expenses connected with use of fixed assets, raw materials, materials, fuel, energy, labor resources during production and other expenses for production.

Grounds: 1. Paragraphs 6, 13 and 26 of Section II SAS 5/01.

2. Paragraph 59 of Statement No.34n.

3. Paragraph 30 of the Order of the RF Ministry of Finance of 28 December 2001 No.119n.

4.4.3. Accounting of material assets actual cost forming.

Forming of material assets actual cost is carried out by implementation of accounts 15 "Procurement and acquisition of material assets" and 16 "Material assets price difference". Accounting due to actual cost is carried out at account 10 "Materials".

Ordering costs of the Company are taken into account by their direction to separate account "Procurement and acquisition of materials" according to accounting documents of the supplier.

Expenses connected with purchase, keeping and sale of material assets (including ordering costs) incurred since the moment of their putting into sale are reflected at account 44 "Expenses for sales". In this case, material assets include:

a) final production passed for selling to subdivision of the Company which carries out selling activities and is not a legal entity;

б) Overmuch and unnecessary assets (including waste products) taken into account at production stocks and intangible assets passed for selling to subdivision of the Company which carries out selling activities and is not a legal entity;

в) Products purchased by the Company specially for sale.

Grounds: 1. Chart of account No.94n, Section II.

2. Paragraphs 11 and 13 of SAS 5/01.

3. Paragraphs 83, 218, 227 and 228 of the Order of the RF Ministry of Finance of 28 December 2001 No.119n.

4.4.4. Depreciation of material assets.

In case of putting material and production stocks into production and other typed of retirement, their estimation is carried out according to groups of homogeneous material and production stocks average cost due to places of keeping.

Depreciation of differences accounted at account 16 "Material assets price difference" is carried out proportionally with cost of materials put into production depending on aim of expenses.

Percentage of differences of the kind or group of material and production stocks is determined according to proportion of summed up divergence remainder as of beginning of the month and current divergences of the month, to summed up material and production stocks remainder as of beginning of the month and entered material and production stocks for current month, multiplied by 100. According to percentage calculated by this method, divergences are written off (reversed in case of negative gap) to the debit of production costs accounts expenses for sale) or other corresponding accounts.

Cost of tools, equipment and maintenance accessories is written off to expenses to the whole extent in case of their putting into operation. To provide safety, proper control in quantitative terms is organized.

Special tools, devices, equipment (special mountings) writing off is carried out by line method according to productive use term.

Selling of material assets to individuals and side enterprises is carried out according to agreement and market prices which include retail margin to clear transport and ordering costs of the branch.

Special working clothes which has the operating term of more than 12 months according to allowance, is written off to expenses by line method according to terms of productive use of special working clothes which are provided for by type industry standards for pay-free outgiving of special working clothes, shoes and other personal protection means.

Ordering costs and other similar costs which are not included in the cost of inventory stocks are written off to expenses in the amount determined as the current month coefficient from depreciated materials and raw materials cost. The coefficient is determined as proportion of summed up ordering costs with a glance of ending inventory by

the beginning of the month to expenses for raw materials and materials purchase with a glance of ending inventory by the beginning of the month

Special working clothes which has the operating term of less than 12 months according to allowance, is written off simultaneously and is accounted at quantitative accounting separately.

The list of the clothes is determined according to order of the Director of the branch.

Grounds: 1. Paragraphs 16 and 18 of SAS 5/01.

2. Chart of account No.94n, Section II.

3. Paragraphs 21, 24, 26 of the Order of the RF Ministry of Finance of 26 December 2002 No.135n.

4.4.5. Method of material and production stocks analytical accounting.

Analytical accounting of material and production stocks is carried out by cash method.

Grounds: the Letter of the USSR Ministry of Finance of 30 April 1974 No.103 "On Major Statements on Material Accounting at Enterprises and Building Area".

4.5. Prepayments.

4.5.1. Structure of prepayments.

Expenses of the reporting period which are referred to following reporting periods are reflected in the accounting at separate entry as prepayments.

Structure of prepayments include particularly:

Expenses connected with expansion of new territories, installations and aggregates;

Expenses connected with land recultivation and implementation of other environmental measures;

Expenses connected with purchase of software production and data bases according to sale and purchase agreements or swap contracts is case the assets do not meet conditions set for intangible assets (p.3 of SAS 14/2000);

Expenses for purchase of certificates or user licenses, etc.

Prepayments do not include retirement of assets in the order of advance payment of material and production stocks and other assets. According to business conduct traditions, return of paid cash assets is possible including early termination of the contract. These payments are classified as advances (preliminary payment) and are reflected at the accounts of suppliers and contractors payments separately.

Grounds: 1. Paragraph 65 of the Statement No.34n.

2. Chart of account No.94, Sections VI and VIII.

4.5.2. Retirement of prepayments.

Prepayments are subject of retirement by expenses during the period they refer to which is set at special calculations at the moment of the expenses' origin.

Grounds: Paragraph 65 of the Statement No.34n.

4.5.3. Prepayment accounting.

Analytical accounting of prepayments is carried out by expenses at the account 97 "Prepayments".

Grounds: Chart of account No.94, Section III, Account "Prepayments".

4.6. Financial investments.

4.6.1. Estimation of financial investments (initial and the subsequent).

Financial investments are accepted to book keeping at initial value. The initial value of the financial investments acquired for payment is the sum of actual expenses for their purchase, except for the value added tax and other compensated taxes.

The actual expenses for purchase of financial investments do not include common economic and other similar charges, except for the cases when they are directly connected with purchase of financial investments.

Before accepting assets as financial investments to book keeping, the actual expenses for their purchase are determined in view of sum differences arising in the cases when payment is made in rubles in the sum equivalent to the sum in the foreign currency.

In case of insignificance (in the amount of up to 0.05%) of the size of expenses (except for the sums paid according to the contract to the seller) for purchase of such financial investments as securities in comparison with

their par value, such charges are not included in the initial value of financial investments, and are related to the operational charges in the reporting period, in which the specified securities were accepted to book keeping.

Financial investments sold and bought at the stock exchange, under which it is possible to determine the current market value, are reflected in book keeping at the current market value by quarterly updating of their estimation for the previous reporting date. The difference between the estimation of financial investments at the current market value for the reporting date and the previous estimation of financial investments is related to the financial results in the structure of operational incomes and charges.

Financial investments, under which the current market value is not determined, are subject to reflection in book keeping at the initial value.

Grounds: Items 8, 10, 11, 19, 20, 21 and 22 - AR 19/02.

4.6.2. Retirement of financial investments.

At retirement of financial investments, under which the current market value is not determined, their value is determined as follows:

Contributions to authorized capitals of other organizations (except for shares of the joint-stock companies, the loans given to other organizations, depositary contributions to the credit organizations, debt receivable acquired on the basis of the concession of the right of demand, are estimated at the initial value of each retiring unit of financial investments;

Securities (shares and bonds) are estimated at retirement at average initial value;

Purchased bills are estimated at retirement (payment for performed works (goods, services) at the price of purchase;

At retirement of assets accepted to book keeping as financial investments, under which the current market value is determined, their value is determined proceeding from their last estimation.

Grounds: Items 26, 27, 28, 30 - AR 19/02.

4.6.3. Creation of the provision for depreciation of financial investments.

The provision is formed for the financial investments, under which the current market value is not determined and steady essential depreciation is observed. This provision is created for depreciation of financial investments for the size of the difference between accounting and settlement cost. Check for depreciation of financial investments is held once a year as 31 December of the financial year, provided attributes of depreciation are present. The specified reserve is formed due to financial results in the structure of operational charges.

Grounds: Items 37-40 - AR 19/02.

4.6.4. Classification of financial investments, proceeding from the term of their use.

Depending on the term of the circulation (repayment), the financial investments are subdivided into short-term and long-term.

Grounds: Items 41, 42 - AR 19/02.

4.7. Settlements with debtors and creditors.

4.7.1. Estimation of debt receivable of buyers.

The debt receivable of buyers as to services on electric energy transmission is considered according to the sum invoiced to buyers for reasonable prices and tariffs approved by authorized bodies in the field of regulation of tariffs.

Grounds: Item 73 of the Provision No.34n.

4.7.2. Estimation of other debt receivables.

Settlement of accounts with other debtors and under claims is reflected in the accounting and reporting proceeding from the prices stipulated by contracts, and the developed balances under calculations.

Grounds: Item 73 of the Provision No.34n.

4.7.3. Provision for doubtful debts.

OJSC "Moscow Regional Electric Grid Company" forms a reserve for doubtful debts for settlement of accounts with the organizations for products, goods, works and services, with attributing the sums of the provision to the financial performance.

The size of the provision is determined separately on each doubtful debt depending on the financial position (solvency) of the debtor and evaluation of probability of repayment of the debt in full or in part.

When estimating the financial position (solvency) of the debtor, the attributes of insolvency (bankruptcy) specified in article 3 of the Law of the Russian Federation "On insolvency (bankruptcy)" as of 8 January 1998 No.6-FL may be used: inability of a legal entity to meet the requirement of creditors under money liabilities and (or) to perform obligatory payments if the corresponding obligations and (or) duties are not executed by them within three months from the moment of an approach of the date of their performance.

The provision for doubtful debts is created quarterly on the basis of the results of debt receivable inventory held.

If up to the end of the financial year following the year of creation of the provision for doubtful debts this reserve in any of its parts is not used, the unspent amounts are included in the financial performance accounting to the balance at the end of the financial year financial results.

Grounds: 1. The plan of accounts 94n, section VI, account "Provision for doubtful debts". 2. Item 70 of the Provision 34n.

4.7.4. Estimation of accounts payable.

The accounts payable to suppliers and other creditors is registered in the sum of the accounts accepted for payment and size of accrued obligations according to settlement documents.

The accounts payable under the uninvoiced deliveries are registered in the amount of received values defined proceeding from the price and conditions stipulated in contracts.

Grounds: 1. Item 73 of the Provision 34n. 2. The plan of accounts No.94n, section VI.

4.7.5. The order of writing off debts receivable and accounts payable.

The debt receivable with the expired limitation period, other uncollectable debts are written off under each obligation on the basis of data of the inventory, written substantiation and the order of the head of OJSC "Moscow Regional Electric Grid Company" and are charged to the reserve of doubtful debts or to the financial results if during the period previous to accounting, the sums of these debts were not reserved.

Writing off of a debt to loss owing to insolvency of the debtor is not cancellation of the debt. This debt is reflected in the accounting balance within five years from the moment of writing off in order to observe an opportunity of its collecting in case of change of the property status of the debtor.

The sums of accounts payable and accounts receivable, under which the period of limitation expired, are written off under each obligation on the basis of data of the held inventory, written substantiation and the order of the head of OJSC "Moscow Regional Electric Grid Company" and are related to the financial performance.

Grounds: Items 77 and 78 of the Provision No.34n.

4.8. Distribution and use of profit.

4.8.1. Authorization.

Use of profit of OJSC "Moscow Regional Electric Grid Company", remaining at its disposal after the accrual of the profit tax and other similar obligatory payments, including authorization for non-observance of rules of the taxation, is approved by the general meeting of shareholders.

Grounds: the Federal law as of 26 December 1995 No.208-FL "On joint-stock companies".

4.8.2. Creation of funds.

OJSC "Moscow Regional Electric Grid Company" does not create any funds due to the profit remaining at its disposal, except for cases when creation of such funds is stipulated by constituent documents. In this case the order of their creation and use is determined on basis of decisions of the general meeting of shareholders.

Flow of free cash of financing capital investments is reflected in the system of book keeping on accounts "Accumulation fund" and "Accumulation fund used for financing capital investments".

OJSC "Moscow Regional Electric Grid Company" creates a reserve fund in the amount of 5 five percent from the Company's authorized capital.

The amount of obligatory annual contributions to the Company's reserve fund is at least 5 (five) percent of the Company's net profit up to achievement by the reserve fund of the established amount.

The Company's reserve fund is intended for covering of the Company's losses, and also for repayment of the Company's bonds, as well as repayment of the Company's shares in case of absence of other means.

OJSC "Moscow Regional Electric Grid Company" carries out centralization of depreciation charges which are distributed between branches of OJSC "Moscow Regional Electric Grid Company" according to the plan of long-term capital investments.

The basis: 1. The Federal Law as of 26 December 1995 No.208-FL "On joint-stock companies". 2. The plan of accounts 94n, section VII.

4.8.3 Presentation of information in the reporting.

The profit and loss statement presents the financial performance of the reporting period as net profit, i.e. the final financial result revealed for the reporting period less taxes due at the expense of profit and other similar obligatory payments, including authorizations for non-observance of rules of taxation, and taking into account deferred tax assets and deferred tax liabilities.

Grounds: the Order of the Ministry of Finance of Russia as of 22 July 2003 No.67n.

4.9. Credits and loans.

4.9.1. The order of accounting of debts under the received loans and credits.

The main amount of debt under the loan or credit granted by the creditor is registered at OJSC "Moscow Regional Electric Grid Company" according to the contract provisions in the amount of actually received monetary funds or in the valuation base of other things stipulated by the contract.

Grounds: Item 3 - AR 15/01.

4.9.2. Translation of long-term debts into short-term debts.

OJSC "Moscow Regional Electric Grid Company" performs translation of long-term debts into short-term debts.

Grounds: Items b and 32 - AR 15/01.

4.9.3. Estimation of debts under the received credits and loans.

The accounts payable under the received credits and loans is registered and reflected in the reporting taking into account the interest payable as of the end of the reporting period according to the contract terms.

The accrued amounts of interest are registered separately.

Grounds: 1. Item 73 of the Provision 34n. 2. The plan of accounts 94n, section VI. 3. Items 16, 17 - AR 15/01.

4.9.4. Accounting of the operations connected with issue of bonds.

Book keeping of the operations connected with issue of bonds is conducted on account 67 "Calculations under long-term credits and loans". The amount of the coupon income in percent and the price of selling (distribution) is determined by the decision of the Board of Directors of OJSC "Moscow Regional Electric Grid Company".

Charge of a due income (interests or discount) under the placed bonds is made according to the contract provisions and is reflected by OJSC "Moscow Regional Electric Grid Company" in operational charges of those accounting periods these charges are related to.

The organization-issue does not consider preliminarily the income amounts payable to the creditor under the sold bonds as charges of the future periods.

Grounds: 1. The plan of accounts 94n, section VI. 2. Item 18 AR 15/01.

4.9.5. Structure and order of recognition of expenses under loans and credits

The expenses connected with reception and use of loans and credits, include:

The interests payable to creditors and loan granting persons under loans received from them and credits;

Interests, discount under bills payable and bonds;

The additional expenses made in connection with reception of loans and credits, issue and placement of borrowed obligations.

The additional expenses made by OJSC "Moscow Regional Electric Grid Company" in connection with reception of loans and credits, issue and placement of borrowed Obligations, include the expenses connected with:

Rendering by OJSC "Moscow Regional Electric Grid Company" of legal and consulting services;

Realization of copying works;

Payment of taxes and tax collections (in the cases stipulated by the legislation);

Other expenses directly connected with reception of loans and credits, placement of borrowed obligations.

Inclusion of the additional expenses connected with reception of loans and credits, placement of borrowed obligations, is made in that reporting period, in which the specified expenses were made.

Writing off of the additional expenses connected with reception of loans is carried out due to charges of OJSC "Moscow Regional Electric Grid Company".

The expenses under the received loans and credits directly relating to purchase and (or) building of the investment asset, are included in the value of this asset and are repaid by means of accruing of amortization, except for cases when accrual of amortization of the asset is not stipulated by rules of book keeping.

The expenses under the received loans and credits connected with formation of the investment asset, under which according to the rules of book keeping the amortization is not charged, is not included in the value of this asset, and is related to the operational expenses of the organization.

Inclusion of expenses under the received loans and credits at the initial value of the investment asset is carried out provided the following conditions are complied with:

- a) Occurrence of charges on purchase and (or) construction of the investment asset;
- b) Actual beginning of the works connected with formation of the investment asset;
- c) Presence of actual expenses for loans and credits or obligations for their realization.

If the investment asset is not accepted to book keeping as an object of fixed assets or a property complex (under corresponding articles of the assets), but it has been engaged for actual output, performance of works, rendering of services, in this case the inclusion of expenses for these loans and credits at the initial value of the investment assets terminates from the first date after the month of the actual beginning of the operation.

The basis; Items 11, 19, 20, 23, 27, 31 - AR 15/01.

4.9.6. Reception of loans, provision with own bill.

The debts of OJSC "Moscow Regional Electric Grid Company" to creditors secured by issued own bills is considered separately on account 66 "Calculations under short-term credits and loans" - short-term, on account 67 "Calculations under long-term credits and loans" - long-term. Simultaneously own bills which were issued with securing loans, are considered separately on the off-balance account 009 "Liabilities payable" at the par value.

Grounds: the plan of accounts 94n, section VI, of-balance accounts.

4.9.7. The order of accounting of incomes from temporary investment of borrowed funds.

In OJSC "Moscow Regional Electric Grid Company", expenses under the received loans and credits connected with purchase of the investment assets decrease by amount of the income of temporary use of borrowed means as long-term and short-term financial investments.

Grounds: Item 2b - AR 15/01.

4.10. Accounting of assets and obligations, the value of which is expressed in the foreign currency.

4.10.1. Book keeping of assets and obligations, the cost of which is expressed in the foreign currency is carried out in accordance with the Statement on Accounting Standards AR 3/00", approved by the order of the Ministry of Finance of Russia as of 10 January 2000 No. 2n.

The value of assets and obligations expressed in a foreign currency is subject to recalculation into rubles for their reflecting in book keeping and accounting reporting.

The recalculation of the value of assets and obligations expressed in a foreign currency, into rubles is made at the rate of the Central Bank of the Russian Federation for this foreign currency in relation to the ruble acting at the date of fulfillment of the operation in the foreign currency.

To draw up the accounting reporting, the recalculation of value of assets and obligations (bank notes in cash department of the organization, funds on accounts of the organization, monetary and payment documents, short-term securities, means in settlements (including under borrowed obligations with legal entities into rubles, is made at the rate of the Central Bank of the Russian Federation, acting for the reporting date.

Grounds: Items 4, 5, 6, 7, 8, 9, 10 - AR 3/2000,

4.10.2 Accounting of the difference in rate of exchange.

The difference of the rate of exchange is reflected in book keeping and accounting reports in that reporting period, to which the date of execution of obligations for payment is related, or for which the accounting reports are drawn up.

Recalculation of the value of bank notes in cash department of the organizations and funds on accounts in credit organizations, expressed in a foreign currency, in the process of change of rates of the foreign currencies quoted by the Central Bank of the Russian Federation is not performed.

The difference of the rate of exchange is subject to transfer to the financial results as extraordinary incomes and extraordinary charges.

Grounds: Items 12, 13 - AR 3/2000.

4.11. Provisions of future charges and payments.

OJSC "Moscow Regional Electric Grid Company" does not create provisions for forthcoming charges and payments.

Grounds: Item 72 of the Provision 34n.

4.12. The earnings from goods, products, works and services.

Book keeping of earnings of products and goods, and earnings connected with performing works and rendering services, is carried out according to the Statements for Accounting Standards "Incomes of the organization", AR 9/99, approved by order of the Ministry of Finance of Russia as of 6 May 1999 No. 32n.

4.12.2. A method of earnings accounting.

The earnings from selling products and goods, and earnings connected with performing works and rendering services, are recognized according to the assumption of temporary definiteness of the facts of economic activities (on shipment) and presentation of settlement documents for payment.

Grounds: Item 12, section IV - AR 9/99.

The accounting of the receipt of products and goods, and the receipts connected with performing works and rendering services is conducted by kinds of activity:

1. Earnings from rendering services on electric energy transmission.
2. Earnings from selling other goods, works and services of industrial nature by their kinds.
3. Earnings from selling of other goods, works and services of non-productive nature and other kinds of activities which are usual for OJSC "Moscow Regional Electric Grid Company", by their kinds.

The revenues which are distinct from usual kinds of activity, are recognized other earnings.

Volumes executed construction and installation works at performing construction by the organization are not recognized incomes and are not registered in earnings from selling.

Grounds: 1. Items 4 and 18L - AR 9/99.

2. The plan of accounts 94n, balance account 90.

4.13. Peculiarities of accounting of expenses for production and sale of products, goods, works and services, and of production cost of sales.

Book keeping of charges under usual kinds of activity is carried out according to the Statements on Accounting Standards "Charges of the organization", AR 10/99, approved by order of the Ministry of Finance of Russia as of 6 May 1999 No.33n taking into account sector features.

4.13.1. Separate accounting of expenses.

The accounting of expenses from selling products and goods, and the earnings connected with performing works and rendering services, is conducted by kinds of activity:

1. The production cost from rendering services on electric energy transmission.
2. The production cost from sales of other goods, works and services of industrial nature by their kinds.
3. The production cost from selling other goods, works and services of non-industrial nature and other kinds of activity which are usual for OJSC "Moscow Regional Electric Grid Company", by their kinds.

4.13.2. Method of the industrial accounting.

OJSC "Moscow Regional Electric Grid Company" applies process-by-process method of expenses and calculation of production costs. The main way of the industrial accounting is the way of summing up the expenses. The expenses of branches for electric energy transmission are transferred to the executive body of OJSC "Moscow Regional Electric Grid Company" under the advice note for definition of the full production cost for electric energy transmission till the 8th day of the month following the reporting, with the application of calculations for energy transmission.

Electric energy transmission coincides with its selling as to time period; there cannot be the rests of production-in-process in the main production of electric energy transmission.

The earnings and expenses of branches by other kinds of activities are registered by them independently with definition of the result on a specific kind of activity.

The final balance of profits and losses is monthly transferred to branches under the letter of advice to the executive body of OJSC "Moscow Regional Electric Grid Company".

Grounds: the Instructions for planning, accounting and calculation of production cost.

Electric and thermal energy, approved by the Ministry of power industry and electrification of the USSR as of the year 1970.

4.13.3. The full production cost on transfer of electric energy.

The full production cost for electric energy transmission is formed in the executive body of OJSC "Moscow Regional Electric Grid Company" and determined as a whole in the Company as value estimation used during manufacture and sale of kinds of products of natural resources, raw material, other materials, energy, fixed assets and manpower, and other expenses for electric energy transmission made by all divisions of "Moscow Regional Electric Grid Company".

Incomes from distributing products, performing works, rendering services with a long cycle of manufacturing of products (manufacture of works), performed for outside organizations are recognized in the process of readiness of specific products, works, services with reflection of earnings on account 46 "Executed stages on incomplete works". The long cycle of manufacturing is a period of at least one-year period of manufacturing.

4.13.4. Distribution of common production charges and common economic charges.

The grouping and writing off of expenses for electric energy transmission is made by division of expenses into direct and indirect together with calculation of the full production cost of products (works, services). Distribution of indirect charges between objects of calculation is made in proportion to the main wages of industrial workers.

Charges for maintenance of industrial services in the executive body of OJSC "Moscow Regional Electric Grid Company" are considered as production costs, are registered on accounts 25 "Common charges" and are included in the production cost of the electric power transmission in the reporting period.

Expenses for rendering services on connection of capacity are defined by "uniform tariff" method, are registered separately on a separate account, written off to charges in the same reporting period and are not included in the production cost of electric energy transmission.

Grounds: 1. Item 64 of the Provision 34n. 2. Item 9 of AR 10/99.

4.13.5. The accounting of expenses of auxiliary divisions of branches.

Expenses of auxiliary (not main manufacture) divisions are transferred to divisions of core and non-core business. The specified expenses are reflected in book keeping as subject to compensation under actual expenses at recognition by their divisions (branches) of core and non-core business on the basis of:

Agreements on works, services;

Certificates of the executed works or shipping documentation signed by the accepting party.

4.13.6. The accounting of repairs of fixed assets in the structure of the production cost.

The structure of charges for repair of fixed assets of industrial divisions included in the production cost, has the following groups: charges for the repair which is carried out by a contract way; charges for wages of employees engaged in repairs performed by the Company without conclusion of a contract; other expenses for repair.

Charges for the repair which is carried out by divisions of auxiliary manufacture are also divided into charges for wages in the structure of the production cost of repair work and miscellaneous costs.

4.13.7. Accounting of charges for scientific researches and (or) design and experimental developments.

Charges for scientific researches and (or) developmental works are charges for scientific researches, development of a new product and design documentation on a new product or new technology. Scientific researches are experimental or theoretical activities aimed at reception or application of new knowledge.

Scientific researches and (or) design and experimental developments can be carried out by OJSC "Moscow Regional Electric Grid Company" independently or together with other organizations (in the amount corresponding to its share of charges) as a customer of such researches or developments on the basis of contracts.

The charges for research, developmental and technological works include all the charges connected with performance of specified works.

The information on charges for research, developmental and technological works is reflected in book keeping as investments into non-current assets.

The analytical accounting of charges for research, developmental and technological works is conducted separately by kinds of works, contracts (orders).

Charges on scientific researches and (or) design and experimental developments are written off to expenses after the end of these researches or developments (end of separate stages of work) and signing by the parties of the completion certificate, including intermediate ones. Branches of OJSC "Moscow Regional Electric Grid Company" creating R&D by own forces, quarterly transfer the information on expenses for them to the accounts department of the Company's executive body on each subject.

Upon termination of the works and registration of the certificate of implementation, these expenses are written off to the charges of the enterprise.

Write-off of charges to each of executed scientific and research, design and experimental and technological work is made by a linear way.

The term of writing off of charges for research, developmental and technological works is determined by the organization independently proceeding from the expected term of use of the received results of the research, design and technological works, during which the organization can receive economic gains (income), but no more than 5 years.

The reason: 1. Items 2. 5, 7, 9, 10, 11 AR 17/02.

4.13.8. Accounting of charges for obligatory and voluntary insurance of property.

OJSC "Moscow Regional Electric Grid Company" on behalf of the executive body is a central organ as to concluding contracts on all kinds of obligatory insurance of property, and under the following kinds of voluntary insurance:

Voluntary insurance of vehicles, including rented, used during manufacturing and selling of goods (works, services);

Voluntary insurance of cargoes;

Voluntary insurance of fixed assets intended for industrial purposes (including the rented), intangible assets, incomplete capital construction (including the rented);

Voluntary insurance of the risks connected with performance of civil and erection works;

Voluntary insurance of inventories;

Voluntary insurance of other property used at realization of activity directed to profit making;

Voluntary insurance of the responsibility for causing harm in the cases stipulated by the legislation of the Russian Federation, or standard international requirements.

Expenses under obligatory kinds of insurance and voluntary insurance are included in the structure of charges of branches in the amount of actual expenses. The accounting of expenses under contracts of insurance is carried out on balance account 97 "Charges of future periods" with their uniform monthly attributing to the expenses in the term according to contract conditions.

4.13.9. Estimation of production-in-progress.

The production-in-progress is estimated in book keeping under the actual production cost.

The reason: Item 64 of the Provision No.34n.

4.13.10. The general requirements to the analytical accounting of expenses.

Book keeping of the production cost of sales is conducted by kinds of products, works and services. The accounting of expenses is conducted by kinds of products (works, services), technological processes, types of manufacture, types of activities, nomenclature articles of expenses, and elements of expenses.

The reason: 1. The plan of accounts No.94n. Section III, section VIII, account "Sale". 2. Item 8 of section II - AR 10/99.

4.13.11. The accounting of labor payment and settlement of accounts with personnel.

The accounting of labor payment and settlement of accounts with personnel of OJSC "Moscow Regional Electric Grid Company" is carried out on the basis of the guide "Types of accruals and retention in OJSC "Moscow Regional Electric Grid Company" (Application No.1 to the Regulations for the accounting policy in OJSC "Moscow Regional Electric Grid Company") which changes in the process of change of the Regulations for labor payment in the Company and legislative documents.

4.14. Other incomes and charges.

Book keeping of other incomes and charges is carried out according to the accounting regulations "Incomes of an organization", AR 9/99 and "Charges of an organization", AR 10/99. approved accordingly by orders of the Ministry of Finance of Russia as of 6 May 1999 No.32niNo.33n.

4.14.1. Structure of operational incomes.

Operational incomes are:

The receipts connected with participation in authorized capitals of other organizations (including interests and other incomes on securities);

Receipts from selling fixed assets and other assets; products and goods which are different from bank notes (except for foreign currency);

The profit received under the contract of simple partnership, and other receipts.

The interests received for granting of money resources of OJSC "Moscow Regional Electric Grid Company" for use, and interests for use by bank of the money resources which are on the Company's account in this bank.

The reason: Item 7 of section II - AR 9/99.

4.14.2. Structure of extraordinary incomes.

Extraordinary incomes are:

Penalties, fines, forfeits for infringement of conditions of contracts;

Receipts of compensation of losses caused to OJSC "Moscow Regional Electric Grid Company";

Gratuitous reception of assets;

The profit of the last years revealed in reporting year;

The amounts of accounts payable and receivable, under which the limitation period has expired;

The sum of increase in the value of assets;

Exchange rate differences;

Other extraordinary incomes.

The reason: Item 8 of section II - AR 9/99.

4.14.3. The accounting of sum differences.

The amount of proceeds from selling and amount of charges for purchase of goods, works, and services is determined taking into account sum differences arising in the current reporting period. The structure of other incomes and charges includes sum differences arising under incomes and charges of the last reporting periods;

After putting in operation of the fixed assets and intangible assets; after writing-off to production and other retirement of inventories.

Updating of the value of assets in the form of the fixed assets by the amount of sum differences is carried out before the moment of accepting these assets to accounting. The sum difference on calculations for these assets which arise in the further are related to the structure of other incomes and charges.

The sum differences arising in connection with calculations for consumed inventories are reflected on account 15 "Preparation and purchases of inventories" and thus form the production cost of goods (works, services).

The reason: Items 6, 8 AR - 9/99, items 6, 12 - AR 10/99, item 8 - AR 6/01, item - AR 5/01.

4.14.4. Separate kinds of operational charges.

The charges connected with granting the organization's assets in temporary use for a payment, charges connected with sale, retirement and other write-off of fixed and other non-monetary resources, goods, products and other operational charges corresponding to AR 10/99 are included in operational charges and are related to account 91 "Other incomes and charges".

The reason: Item II of section III - AR 10/99.

4.14.5. Separate kinds of extraordinary charges.

Charges of social nature: material aid, health improving actions, losses from maintenance of housing and public services, financing of objects of social sphere and other social charges corresponding to AR 10/99 are included in extraordinary charges and are related to account 91 "Other incomes and charges". Transfer of means (contributions, payments, etc.), connected with charities, charges for realization of sports actions of cultural and educational nature and other similar actions are also included in the structure extraordinary charges.

The reason: Item 12 - AR 10/99.

4.15. The capital.

The structure of the Company's equity capital includes the authorized, additional and reserve capital, undistributed profit and other reserves.

The balance sheet shows the amount of the authorized capital registered in constituent documents.

The sum of the increase in the value of fixed assets, objects of capital construction and other material objects of property with the useful life exceeding 12 months held in accordance with the established procedure, and other similar amounts are registered as the additional capital.

In the process of forming the additional capital, accounting of the means under the fixed capital put in operation, aimed at financing capital investments, the source of formation of which was the Company's profit, is carried out.

The undistributed profit is accounted as:

undistributed profit of past years - unpaid, which is debt receivable;

undistributed profit of past years paid;

undistributed profit used for capital investments, under which the putting of fixed assets into operation is not carried out;

undistributed profit received at reorganization (spin-off);

undistributed profit of the current year.

The target financing includes receipt of budgetary funds within the limits of the program of target financing and financing of target investment programs according to contracts of equity contribution and individual contribution.

The reason: Items 66, 67, 68 of the Provision No.34n.

4.16 Accounting of calculations under the profit tax.

4.16.1. Concept of constant differences, time differences, constant tax liabilities.

Constant differences are incomes and charges forming the accounting profit (loss) of the reporting period and excluded from the tax base under the profit tax of both the reporting and the subsequent periods.

Time differences are understood as incomes and charges forming the accounting profit (loss) in one reporting period; tax base under the profit tax - in the other reporting period or periods.

The constant tax liability is the sum of the tax which leads to an increase in tax payments under the profit tax in the reporting period

The information on constant and time differences is formed on the basis of primary registration documents in registers of the book keeping and tax accounting.

The reason: Items 4, 5, 7, 8, 13 - AR 18/02.

4.16.2. The order of the accounting of the deferred tax assets.

OJSC "Moscow Regional Electric Grid Company" recognizes the deferred tax assets in that reporting period, in which the subtracted time differences; arise, provided there is a probability that the Company will receive taxable profit in the subsequent reporting periods. The deferred tax assets are reflected in book keeping of the executive body of OJSC "Moscow Regional Electric Grid Company" on a separate synthetic account 09 "Deferred tax assets". In the analytical accounting, the deferred tax assets are registered in a differentiated manner by kinds of assets, in the estimation of which there appeared the subtracted time difference. The reason: Item 14 - AR 18/02.

4.16.3. The order of accounting of the deferred tax liabilities.

The deferred tax liabilities are recognized in the reporting period having taxable time differences. The deferred tax liabilities are reflected in book keeping of the executive body of OJSC "Moscow Regional Electric Grid Company" in separate synthetic account 77 "Deferred tax liabilities". Thus in analytical accounting, the deferred tax liabilities are accounted differentially by kinds of actives and obligations, in the estimation of which there occurred a taxable time difference.

The reason: Item 15 - AR 18/02.

4.16.4. The order of reflecting deferred tax assets and liabilities in the reporting.

The deferred tax assets and deferred tax liabilities are reflected in the balance sheet of the executive body of OJSC "Moscow Regional Electric Grid Company" accordingly as noncurrent assets and long-term liabilities.

The reason: Item 23 - AR 18/02.

4.16.5. The order of reflecting in the reporting.

The constant tax liabilities, the deferred tax assets, the deferred tax liabilities are reflected in the profit and loss statement. The reason: Items 24, 19 - AR 18/02.

4.17. Events after the reporting date.

Reflection in the accounting reporting of events after the reporting date is carried out according to the Accounting Regulations "Events after the reporting date" AR 7/98, approved by the order of the Ministry of Finance of Russia No. 56n as of 25 November 1998.

4.17.1. The recognition of the event after the reporting date of the accounting reports.

The event after the reporting date is the fact of economic operations which has rendered or can render influence on the financial position, cash flow or on performance of OJSC "Moscow Regional Electric Grid Company" and which took place in the period between the reporting date and the date of signing the accounting reports for the financial year.

The event after the reporting date is also announcement of annual dividends in accordance with the established procedure following the financial year's performance.

The reason: Item 3 of section II - AR 7/98.

4.17.2. The estimation of consequences of the event after the reporting date.

In order to estimate in money terms the consequences of the event after the reporting date, the corresponding calculation is made and confirmation of this calculation is provided. The calculation is made by a service this events relates to, according to the functions exercised by it.

The reason: Item 8 of section III - AR 7/98.

4.17.3. Disclosing of events after the reciprocal date in the reporting.

The events after the reporting date are reflected in the accounting reporting by specification of data about the corresponding actives, obligations, capital, incomes and charges of OJSC "Moscow Regional Electric Grid Company" or by disclosing the corresponding information in explanatory notes to the balance sheet and profit and loss statement. The announcement of dividends is disclosed in explanatory notes to the balance sheet and profit and loss statement.

The reason: Items 7, 9, 10 of section III - AR 7/98.

4.18. The conditional facts of economic activities.

Reflection in the accounting reporting of the conditional facts of economic activities is carried out according to the Accounting Regulations "Conditional facts of economic activities", AR 8/01, approved by the order No.X°96n of the Ministry of Finance of Russia as of 28 November 2001.

4.18.1. The recognition of the conditional facts in the accounting reporting.

The accounting reporting of OJSC "Moscow Regional Electric Grid Company" reflects all material conditional facts of economic activities, if there is uncertainty concerning their consequences and probability of their occurrence in the future, that is the end result of which will be confirmed only at occurrence(or non-occurrence) of one or several uncertain events in the future.

The reason: Item 3 of section I and item 7 of section II - AR 8/01.

4.18.2. The structure of the conditional facts of economic activities.

The conditional facts include:

Trials-in-process as of the reporting date, in which OJSC "Moscow Regional Electric Grid Company" acts as a claimant or respondent, and the decisions on which can be made only during the subsequent reporting periods;

The disagreements connected with payments to budgets, which were not settled as of the reporting date with tax bodies;

Guarantees and other kinds of security of the obligations, given out in favour of third parties, the term of execution of which have not been matured;

Discounted bills, the term of repayment of which has not been matured;

Sale or discontinuance of some activity of OJSC "Moscow Regional Electric Grid Company", closing of branches or their transferring;

Discontinuance of some activity of OJSC "Moscow Regional Electric Grid Company", liquidation of branches;

Other similar facts.

The reason: Item 3 of section I - AR 8/01.

4.18.3. The order of reflection in the reporting of the conditional facts.

OJSC "Moscow Regional Electric Grid Company" creates reserves in connection with obligations existing as of the reporting date, concerning the size or the term of execution of which there is an uncertainty. The created reserve is related to charges of the organization.

Conditional assets are not reflected in accounts of book keeping of OJSC "Moscow Regional Electric Grid Company".

The information on the conditional obligation is opened in the explanatory note to the accounting reports of OJSC "Moscow Regional Electric Grid Company".

The reason: Items 7, 8, 9, 13 section II - AR 8/01.

4.18.4. The estimation of consequences of the conditional facts of economic activities.

OJSC "Moscow Regional Electric Grid Company" estimates conditional obligations in money terms. The calculation of the conditional obligation (assets) is carried out in the event that this size can be estimated on a level sufficiently grounded.

The calculation is made by a service, the responsibility of which includes issues of the conditional fact of economic activities. The conditional assets are not subject to estimation in money terms.

The reason: Section III - AR 8/01.

4.19. The information on affiliated persons.

Reflection in the accounting reporting of the information about affiliated persons is carried out according to the Accounting Regulations "Information about affiliated persons", AR 11/2000, approved by the order of the Ministry of Finance of Russia No. 5n as of 13 January 2000.

4.19.1. Disclosing of the information about affiliated persons in the reporting.

OJSC "Moscow Regional Electric Grid Company" includes information on affiliated persons in the explanatory note, which is a part of the accounting reports, in the form of a separate section. Thus, the specified data are not applied at formation of the reporting for internal purposes and the reporting made for a state statistical supervision body, for a credit organization or for other special purposes.

The information on affiliated persons in the accounting reports includes operations between OJSC "Moscow Regional Electric Grid Company" and an affiliated person.

Thus, an operation between OJSC "Moscow Regional Electric Grid Company" and an affiliated person is any operation on transfer of any assets or liabilities between OJSC "Moscow Regional Electric Grid Company" and an affiliated person.

The accounting reports of OJSC "Moscow Regional Electric Grid Company" opens the information on operations between JSC RAO UES of Russia and OJSC "Moscow Regional Electric Grid Company", OJSC "Moscow Regional Electric Grid Company" and other companies included in the group.

The reason: Items 2, 5 of section I and item 14 of section II - AR 11/2000.

4.19.2. The list of affiliated persons

The list of affiliated persons, the information about which is disclosed in the accounting reports, is fixed by OJSC "Moscow Regional Electric Grid Company" independently, proceeding from the content of relations between OJSC "Moscow Regional Electric Grid Company" and an affiliated person, in view of observance of the requirement of priority of the content over the form.

The reason: Item 10 - AR 11/2000.

4.20. The accounting of the state assistance.

Reflection in the accounting reports of the information on reception and use of the state assistance is carried out according to the Regulations on book keeping "Accounting of the state assistance", AR 13/2000, approved by the order of the Ministry of Finance of Russia No. 92n as of 16 October 2000.

4.20.1. Classification of budgetary funds.

For the purposes of book keeping, the budgetary funds are subdivided into:

Means for financing the capital charges connected with purchase, construction or other acquisition of noncurrent assets (fixed assets, etc.);

Means for financing the operational expenditure. They include budgetary funds which are different from the capital funds intended for financing.

The reason: Item 4 of section I - AR 13/2000.

4.20.2. The order of reflection of budgetary funds in book keeping.

The budgetary funds accepted to book keeping are reflected in book keeping as occurrence of target financing and debts under these funds.

Budgetary funds are recognized in accounting: in process of actual reception of resources.

Budgetary funds are written off from the account of target financing as an increase in financial results.

Depreciation charges are in a general manner accrued simultaneously on noncurrent assets purchased due to budgetary funds and subject to operating rules of amortization.

Write-off of budgetary funds from the account of the target financing is made on a regular basis:

The sums of budgetary funds for financing of capital charges - during the term of useful life of noncurrent assets subject to operating rules of amortization. Thus target financing is accounted as incomes of the future periods at putting of noncurrent assets into operation with the subsequent referring during the term of useful life of noncurrent assets in the amount of the added amortization on financial results of OJSC "Moscow Regional Electric Grid Company" as extraordinary incomes;

The sums of budgetary funds for financing of the operational expenditure - during the periods of recognition of charges, for financing of which they are intended.

Budgetary credits are reflected in book keeping in the general order accepted for the accounting of borrowed funds.

The rest of means under the account of the target financing means regarding the budgetary funds granted by OJSC "Moscow Regional Electric Grid Company" is reflected in the balance sheet under article "Incomes of the future periods".

The reason: Items 7-9 of section II, item 16 of section III, item 20 of section IV - AR 13/2000.

4.21. The information on discontinued activities.

Reflection in the accounting reporting of the information on discontinued activity is carried out according to the Accounting Regulations "Information on discontinued activity", AR 16/02, approved by the order No. 66n of the Ministry of Finance of Russia as of 2 July 2002.

Disclosing of the information on discontinued activity.

OJSC "Moscow Regional Electric Grid Company" includes in the explanatory note which is a part of the accounting reports, the following information on discontinued activity:

description of discontinued activity;

value of assets and liabilities of OJSC "Moscow Regional Electric Grid Company" assumed for retirement or repayment within the limits of discontinued activity;

sums of incomes, charges, profits or losses before taxation, and the sum of the accrued profit tax on discontinued activity;

cash flow concerning the discontinued activity, with a breakdown into current, investment and financial activity during the current reporting period.

The reason: Item 11 of section III - AR 16/02,

4.22. The information on participation in joint activity.

Reflection in the accounting reporting of the information on participation in joint activity is carried out according to the Accounting Regulations "Information on participation in joint activity", AR 20/03, approved by the order No. 105n of the Ministry of Finance of Russia as of 24 November 2003.

4.22.1. Jointly performed operations.

Jointly performed operations are performance by each participant of the contract of a certain production phase (implementation of works, rendering of service with use of own assets. Thus each participant of the contract in book

keeping reflects the part of charges and obligations, and also the share of economic gains due to it or the income according to contract provisions.

Incomes, charges, liabilities and assets under jointly carried out operations by each participant of the contract are considered separately in the share related to the participant, in the analytical accounting under the corresponding synthetic accounts of the accounting of incomes, charges, obligations and assets.

Each participant of the contract reflects in book keeping the share of production due to it and (or) the income from sale of products (performance of works, rendering of services) for the reporting period according to contract provisions. Thus, the participant who carries out the final stage of joint production, registers the share of products due to other participants of the contract off the balance, and if the contract stipulates sale of products (works, services) - the incomes which are subject to reception by other participants of the contract are reflected by it in book keeping as a liability to them.

The reason: Items 6, 7 of section II - AR 20/03.

4.22.2. Shared assets.

The assets are considered shared, in the property is in the general property of participants of the contract with determination of a share of each of proprietors in the property right (the shared property), and proprietors conclude the contract for the purpose of sharing of such property for reception of economic gains or income. Thus, each of participants of the contract reflects in book keeping a share of charges and obligations, and a share of incomes due to it from sharing assets according to contract provisions.

Incomes, charges, obligations received as a result of sharing assets, are considered by each participant of the contract separately in the analytical account under the corresponding synthetic accounts of the incomes, charges, obligations. The assets belonging to the participant of the contract under the right of the shared property and contributed by it, continue to be registered by it on corresponding accounts of book keeping and are not translated into the structure of financial investments. Thus, the contribution of the participant of the contract, the economic operations connected with performance of such contract, and financial results received from sharing assets are not allocated to a separate balance sheet.

Each participant of the contract in book keeping for the reporting period reflects its share of the incomes received from sharing assets, and obligations and charges incurred by it in connection with performance of the contract.

The obligations occurred directly at the participant in connection with participation in the contract, and also its share in joint obligations with other participants of the contract are subject to reflection in the book keeping of the participant.

The book keeping of the participant reflects the charges made directly by the participant in connection with participation in the contract, and its share in joint charges with other participants of the specified contract,

The reason: Items 9, 10 of section III - AR 20/03.

4.22.3. Joint activity.

According to article 1041 of the Civil Code of the Russian Federation under the contract about joint activity (the contract of simple partnership) two or several persons (partners) undertake to unite their contributions and in common to operate without establishment of a legal entity to gain profit.

In conformity with article 1043 of the Civil Code of the Russian Federation, conducting book keeping of the common property can be entrusted to one of participants in the contract of simple partnership of legal entities.

The assets included as the contribution under the contract about joint activity, are added by the partner organization to the structure of financial investments at the value equal to that reflected in the balance sheet for the date of the contract.

At forming the financial result, each partner organization includes profit or loss on the joint activity subject to reception or distributed between the partners, into the structure of operational incomes or charges.

The reason: Items 12, 13, 14 of section IV - AR 20/03.

4.22.4. Disclosing of the information in the accounting reports.

The organization which is the participant of the contract about joint activity, discloses in the accounting reports the following information on participation in joint activity:

- a) goal of joint activity (production, performance of works, rendering of services, etc.) and contribution to it;
- b) way of receiving an economic gain or income (jointly performed operations, shared assets, joint activity);
- c) classification of an accounting segment (operational or geographical);
- d) cost of assets and obligations related to joint activity;

e) amounts of incomes, charges, profits or loss related to joint activity.

The information in the accounting reports of the organization about participation in joint activity is presented in an explanatory note according to the rules established by the Accounting Regulations "Information by segments" AR 12/2000.

The reason: Items 22 of section V - AR 20/03.

Chief Accountant T.P. Dronova

ORDER

04.10.2005

No.409-179

Podolsk

On amendments in accounting policy for purposes of taxation in 2005

Due to approval of the Federal Law No.58-FZ as of 6 June 2005 and amendments to Article 25 "Tax on Income" of the Russian Federation Tax Code,

TO ORDER:

1. To make additions to accounting policy for purposes of taxation in 2005

in accordance to the Appendix.

2. To change the Regulations mentioned in paragraphs 3,4 and 5 for purposes of taxation of income in 2005

Appendix: on two pages

General Director

Y.I. Trofimov

Dispatched to: Deputies General Director, Deputies Senior Engineer, Deputy Management Director, directors of all branches, all services and departments of the executive body.

L.A. Sklyarova

980-12-94

Attachment to
the Order OJSC «Moscow Regional Electric Grid Company»
No. 409-179 as of 4 October 2005

Regulations on accounting policy	Contents of the Regulations	Reason	To come into force (come into operation)
1	2	3	4
1. Depreciated properties	An organization gained properties from the owner in accordance with the Russian Federation legislation on investment agreements in the field of activities on rendering communal services or the Russian Federation legislation on concession agreements shall depreciate the properties within the validity period of the investment agreement or the concession agreement.	Paragraph 1 of Article 256 of the RF Tax Code	Starting from 15 July 2005
2. Definition of doubtful debt	Doubtful debt shall be considered any debt occurred due to selling of products, implementation of works, rendering services provided that the debt was not paid within the term specified by the agreement. Before, doubtful debt was not strictly connected with selling of products (works, services)	Paragraph 1 of Article 266 of the RF Tax Code	Covers relations occurred from 1 January 2005
3. Specifics of definition of expenses under selling of properties and property rights	Under determination of tax base, the taxpayer shall have the right to reduce incomes from selling of other property to the price of purchase (establishment) of the property.	Subparagraph 2 of Paragraph 1 of Article 268 of the RF Tax Code	Covers relations occurred from 1 January 2005
	Under selling of stakes (shares) received by participants (shareholders) due to reorganization of enterprises, the price of purchase of stakes (shares) shall be determined in accordance with paragraphs 4-6 of Article 277 of the RF Tax Code	Section 2 of Subparagraph 2.1 of Paragraph 1 of Article 268 of the RF Tax Code	Covers relations occurred from 1 January 2005

	The order of loss recognition under selling of purchased products and other property (except for depreciated property, securities and own production) for purposes of taxation shall be specified. Loss from selling of purchased (produced) property and property rights shall be recognized now.	Paragraph 2 of Article 268 of the RF Tax Code	Covers relations occurred from 1 January 2005
4. Tax payment by separate departments	The procedure of calculation of a separate department's share in income shall be specified. Thus, average number of employees and depreciation value of the depreciated property shall be determined for the whole reporting (tax) period.	Section 3 of Paragraph 2 of Article 288 of the RF Tax Code	Covers relations occurred from 1 January 2005
5. Order of determination of expenses for production and selling	The list of direct costs shall be opened out. From now, direct expenses shall be considered fees for obligatory pension insurance paid to financing of insurance and accumulative parts of labor pension accrued at salaries of employees participating in production process (production of products, works, services). Taxpayer shall be provided with the right to determine the list of direct expenses connected with production of products (works, services) independently in its accounting policy for purposes of taxation.	Paragraph 1 of Article 318 of the RF Tax Code	Covers relations occurred from 1 January 2005
	Direct expenses shall be referred to expenses of current period in proportion to selling of production, works, services in cost of which they are taken into account in accordance with Article 319 of the RF Tax Code. Besides, the fact that not only indirect but extraordinary expenses carried out in current period shall be specified to be included in expenses taken into account for purposes of taxation in whole. Taxpayers rendering services shall have the right to refer direct expenses of current period to reduction of incomes from production and selling in the period without distribution to remaining WIP quantity.	Paragraph 2 of Article 318 of the RF Tax Code	Covers relations occurred from 1 January 2005