

APPROVED
by the Decision of the Management Board of JSC
SGC TGC-8
Minutes dated 10.11.2006 No. 70/06

QUARTERLY REPORT

*Open Joint Stock Company
South Generation Company– TGC-8*

Issuer's Code:

3	4	3	0	8
---	---	---	---	---

 –

E

**3rd Quarter
2006**

Issuer's Location: 32 Krasnaya Naberezhnaya Str., Astrakhan, Russian Federation

The information contained in this Quarterly Report is to be disclosed pursuant to
Russian Federation securities legislation

General Director Date <u>10</u> November 2006	_____	V.S.Gvozdev
	Signature	
Acting Chief Accountant Date <u>10</u> November 2006	_____	N.A.Timchenko
	Signature	
	SEAL	

Contact Elena N. Pavlova, Head of Shareholder Relations Department of JSC SGC TGC-8

Phone (863) 255-55-65
e-mail: nora@tgk-8.ru

Web site: <http://www.tgk-8.ru/index.php?id=34&lang=en>

CONTENTS

Introduction	4
I. Brief Information about Issuer's Management Bodies Members, Bank Accounts, Auditor, Appraiser and Financial Consultant as well as about Other Persons Who Have Signed the Quarterly Report	7
1.1. Issuer's Managerial Bodies Members	7
1.2. Issuer's Bank Accounts	8
1.3. Issuer's Auditor (Auditors) Data	9
1.4. Issuer's Appraiser Data	10
1.5. Issuer's Consultants Data	10
1.6. Quarterly Report Signatories	10
II. Basic Details of the Issuer's Financial and Business Performance	11
2.1. Data of the Issuer's Financial and Business Performance	11
2.2. Issuer's Market Capitalization	12
2.3. Issuer's Liabilities	12
2.3.1. Accounts Payable	13
2.3.2. Issuer's Credit History	13
2.3.3. Issuer's Backing Liabilities Relating to Third Parties	15
2.3.4. Other Issuer's Liabilities	15
2.4. Objectives of the Issue and Use of Proceeds	16
2.5. Risks Related to Investing in the Issue Securities being Placed hereunder	16
2.5.1. Industry-Related Risks	16
2.5.2. Country-Related and Regional Risks	16
2.5.3. Financial Risks	17
2.5.4. Legal Risks	18
2.5.5. Risks Relating to the Issuer's Activity	18
III. Detailed Information about the Issuer	20
3.1. Issuer's Background and Development	20
3.1.1. Issuer's Corporate Name	20
3.1.2. Issuer's State Registration Data	20
3.1.3. Issuer's Incorporation and Development	20
3.1.4. Contacts	22
3.1.5. Taxpayer's Identification Number	22
3.1.6. Issuer's Affiliates and Representative Offices	22
3.2. Issuer's Key Business Activities	23
3.2.1. Issuer's Sector	23
3.2.2. Issuer's Key Business Activity	23
3.2.3. Key Products (Works, Services)	24
3.2.4. Raw Materials and Issuer's Suppliers	25
3.2.5. Issuer's Markets of Products (Works, Services)	26
3.2.6. Information about Issuer's Licenses	32
3.2.7. Issuer's Joint Ventures	33
3.2.8. Additional Requirements Applicable to Issuers that are Joint Stock Investment Funds, or Insurance Companies	33
3.2.9. Additional Requirements Applicable to Issuers whose Key Activity is the Production of Minerals	33
3.2.10. Additional Requirements Applicable to Issuers Providing Communication Services	34
3.3. Issuer's Prospective Activities	34
3.4. Issuer's Participation in Industrial, Banking and Financial Groups, Holding Companies, Concerns and Associations	34
3.5. Issuer's Subsidiary and Dependent Companies	34
3.6. Composition, Structure and Value of the Issuer's Fixed Assets, Information on the Proposed Acquisition, Replacement and Retirement of Fixed Assets and about any Encumbrances of Fixed Assets	37
3.6.1. Fixed Assets	37
IV. Issuer's Financial and Business Performance	38
4.1. Issuer's Financial and Business Performance	38
4.1.1. Profit and Loss	38
4.1.2. Factors Affecting the Issuer's Proceeds of the Sale of Products, Works, Services and Issuer's Key Business Profit (Loss)	39
4.2. Issuer's Liquidity and Equity and Current Assets Adequacy	39
4.3. Amount and Structure of the Issuer's Equity and Current Assets	39
4.3.1. Amount and Structure of the Issuer's Equity and Current Assets	39
4.3.2. Issuer's Financial Assets	40
4.3.3. Issuer's Intangible Assets	41
4.4. Issuer's Research and Development, Licenses, Patents and Know-How Expenditure and Policy	42
4.5. Analysis of Issuer's Key Business Trends	42
V. Detailed Information about Members of Issuer's Management and Financial Control Bodies and Issuer's Employees Summary	47

5.1. Structure and Competence of the Issuer's Management Bodies -----	47
5.2. Information about the Members of the Issuer's Management Bodies -----	53
5.3. Information about Remuneration, Benefits and/or Compensation of Expenses as to Each of the Issuer's Management Bodies -----	75
5.4. Structure and Competence of the Issuer's Financial and Business Control Bodies -----	76
5.5. Information about Members of the Issuer's Financial and Business Control Bodies -----	78
5.6. Information about Remuneration, Benefits and/or Compensation of Expenses of the Issuer's Financial and Business Control Bodies -----	80
5.7. Data on Number and Generalized Data on Education and Structure of Issuer's Employees as well as Change in Number of Employees -----	80
5.8. Information about any Liabilities of the Issuer to its Employees Related to their Participation in the Issuer's Charter Capital (Unit Fund) -----	81
VI. Information on the Issuer's Participants (Shareholders) and Related Party Transactions -----	82
6.1. Total Number of the Issuer's Participants (Shareholders) -----	82
6.2. Information about the Issuer's Participants (Shareholders) Owning at least 5 per cent of the Issuer's Charter Capital (Unit Fund) or at least 5 percent of its Common Shares, as well as Information about Participants (Shareholders) of such Entities Owning at least 20 percent of their Charter Capital (Unit Fund) or at least 20 percent of their Common Shares -----	82
6.3. Information about Shares of the State or Municipality Participating in the Charter Capital (Unit Fund) of the Issuer; Special Right ("Golden Share") -----	83
6.4. Information about Limitations for Participating in the Charter Capital of the Issuer: no limitations -----	84
6.5. Information on Changes in the Shareholdings of Issuer's Shareholders owning not less than 5 percent of the Issuer's Charter Capital or not less than 5 percent of the Issuer's Common Shares -----	84
6.6. Information on Related Party Transactions Entered into by the Issuer -----	85
6.7. Information on the Amount of Accounts Receivable -----	85
VII. Issuer's Accounting Reports and Other Financial Information -----	87
7.1. Issuer's Annual Accounting Reports -----	87
7.2. Issuer's Quarterly Accounting Reports for the Last Completed Quarter -----	87
7.3. Issuer's Consolidated Accounting Records for the Last Completed Financial Year -----	87
7.4. Issuer's Accounting Policy -----	87
7.5. Information on the Issuer's Total Exports, as well as on the Share of Exports in the Issuer's Total Sales -----	87
7.6. Information on the Cost of Immovable Property and Material Changes in the Issuer's Property that Occurred since the End of the Last Completed Financial Year -----	87
No significant changes in the immovable property structure have occurred within the 3 rd quarter of 2006 (less than 5%) -----	87
7.7. Involvement of the Issuer in any Litigation or Court Proceedings where such Involvement may have a Material Adverse Impact on the Issuer's Financial and Business Activities -----	87
VIII. Additional Information about the Issuer and its Placed Securities -----	88
8.1. Additional Information about the Issuer -----	88
8.1.1. Amount and Structure of Issuer's Charter (Share) Capital (Unit Fund) -----	88
8.1.2. Information about Changes in the Amount of Issuer's Charter (Share) Capital (Unit Fund) -----	88
8.1.3. Information on the Formation and Use of the Issuer's Reserve Fund and Other Funds -----	88
8.1.4. Information on the Procedure for Calling and Conducting the Meeting of the Issuer's Supreme Governing Body -----	88
8.1.5. Information on Commercial Organizations in which the Issuer Holds no less than 5 percent of the Charter (Share) Capital (Unit Fund) or no less than 5 Percent of the Common Shares as of the Date of Approval of the Securities Prospectus -----	90
8.1.6. Information on any Material Transactions Entered into by the Issuer -----	91
8.1.7. Information on the Issuer's Credit Ratings -----	91
8.2. Information about Each Category (Type) of Issuer's Shares -----	91
8.3. Information on Previous Issues of Securities by the Issuer, except for the Share Issues -----	92
8.4. Information on a Person(s) Providing Security in respect of the Bond Issue -----	92
8.5. Conditions of Bond Issue Obligations Fulfillment -----	92
8.6. Information on Organizations Registering Rights to Issue Securities in the Issuer -----	92
8.7. Information on Legislative Acts Regulating Capital Exports and Imports that may have an Impact on the Payment of Dividends, Interest and other Sums to Non-Residents -----	92
8.8. Description of the Procedure for the Taxation of Income from the Issuer's Securities that have been or are to be Placed -----	93
8.9. Information on Dividends Declared (Accrued) and Paid on the Issuer's Shares, as well as Information on the Issuer's Bonds Income -----	95
8.10. Other Data -----	95
ANNEX 1 Regulation on Accounting Policy of the Company for 2006 -----	97
ANNEX 2 Company's Accounts as of 30.09.2006 -----	103

Introduction

This Quarterly Report contains evaluations and forecasts of Issuer's authorized management bodies pertaining to forthcoming events and/or actions, prospective development of the Issuer's key economic sector and Issuer's performance including Issuer's plans and probability of certain events occurrence and certain actions performance. Investors should not totally rely on evaluations and forecasts of Issuer's managerial bodies as the actual future results of the Issuer's activity could differ from predicted ones for many reasons. The acquisition of Issuer's securities is associated with risks described in the present Quarterly Report.

a) **Issuer's Full Corporate Name in Russian** – Открытое акционерное общество “Южная генерирующая компания – ТГК-8”

Issuer's Full Corporate Name in English – Joint Stock Company South Generation Company - TGC-8.

Issuer's Abbreviated Corporate Name in Russian - ОАО “ЮГК ТГК-8”

Issuer's Abbreviated Corporate Name in English – JSC SGC TGC-8

b) **Issuer's Location:** 32 Krasnaya Naberezhnaya Str., Astrakhan, Russian Federation

c) **Issuer's Phone and E-mail:**

Phone (863) 255-55-65,

E-mail: nora@tgk-8.ru

d) Web page with Quarterly Report posted: <http://www.tgk-8.ru/index.php?id=34&lang=en>

e) **Basic Information about Issuer's Outstanding Securities:**

1) **Type:** registered shares;

Category: common;

Number of Placed Securities: 1, 188, 916, 446, 365;

Nominal Value: 0.01 rubles

1.1) Principal Issue 1-01-34308-E

Type: registered shares;

Category: common;

Number of Placed Securities: 1, 000, 000, 000;

Nominal Value: 0.01 rubles.

Type of placement: acquisition of shares by the sole founder of the Joint Stock Company

1.2) Additional Issue 1-01-34308-E-001D

Type: registered shares;

Category: common;

Number of Placed Securities: 237, 237, 521, 173;

Nominal Value: 0.01 rubles.

Type of placement: conversion

1.3.) Additional Issue 1-01-34308-E-002D

Type: registered shares;

Category: common

Number of Placed Securities: 29, 738, 887, 702

Nominal Value: 0.01 rubles.

Type of placement: conversion

1.4) Additional Issue 1-01-34308-E-003D

Type: registered shares;
Category: common;
Number of Placed Securities: 245, 138, 712, 459;
Nominal Value: 0.01rubles.
Type of placement: conversion

1.5) Additional Issue 1-01-34308-E-004D

Type: registered shares;
Category: common;
Number of Placed Securities: 498, 287, 292, 847;
Nominal Value: 0.01rubles.
Type of placement: conversion

1.6) Additional Issue 1-01-34308-E-005D

Type: registered shares;
Category: common;
Number of Placed Securities: 62, 449, 309, 415;
Nominal Value: 0.01rubles.
Type of placement: conversion

1.7) Additional Issue 1-01-34308-E-006D

Type: registered shares;
Category: common;
Number of Placed Securities: 1, 459, 899, 038;
Nominal Value: 0.01rubles.
Type of placement: conversion

1.8) Additional Issue 1-01-34308-E-007D

Type: registered shares;
Category: common;
Number of Placed Securities: 5, 557, 353, 892;
Nominal Value: 0.01rubles.
Type of placement: conversion

1.9) Additional Issue 1-01-34308-E-008D

Type: registered shares;
Category: common;
Number of Placed Securities: 108, 047, 469, 839;
Nominal Value: 0.01rubles.
Type of placement: conversion

Thus, JSC SGC TGC-8 has nine registered security issues as of 30.09.2006 eight of which are additional issues.

Issue Serial Number	Issue Registration Date	Issue State Registration Number	Volume of Issue	Nominal Value
Primary Issue	19.05.2005	1-01-34308-E	1, 000 ,000 ,000	0.01 RUR
Second Issue	11.05.2006	1-01-34308-E-001D	237, 237, 521, 173	0.01 RUR
Third Issue	11.05.2006	1-01-34308-E-002D	29, 738, 887, 702	0.01 RUR
Fourth Issue	11.05.2006	1-01-34308-E-003D	245, 138, 712, 459	0.01 RUR
Fifth Issue	11.05.2006	1-01-34308-E-004D	498, 287, 292, 847	0.01 RUR
Sixth Issue	11.05.2006	1-01-34308-E-005D	62, 449, 309, 415	0.01 RUR
Seventh Issue	11.05.2006	1-01-34308-E-006D	1, 459, 899, 038	0.01 RUR
Eighth Issue	11.05.2006	1-01-34308-E-007D	5, 557, 353, 892	0.01 RUR
Ninth Issue	11.05.2006	1-01-34308-E-008D	108, 047, 469, 839	0.01 RUR

f) Other information the Issuer considers necessary to indicate in the Introduction: none

I. Brief Information about Issuer's Management Bodies Members, Bank Accounts, Auditor, Appraiser and Financial Consultant as well as about Other Persons Who Have Signed the Quarterly Report

1.1. Issuer's Managerial Bodies Members

Issuer's Management Bodies Include:

1. The Supreme Governing Body is the General Meeting of Shareholders;
2. Board of Directors;
3. Sole Executive Body – General Director.
4. Collegial Executive Body – Management Board

The Board of Directors of JSC SGC TGC-8 elected by the Annual General Meeting of Shareholders of JSC SGC TGC-8 dated 05.06.2006 (Minutes No.4):

1. Andrey V. Gabov
Year of birth: 1973;
2. Victor S. Gvozdev
Year of birth: 1963;
3. Valery V.Nepsha
Year of birth: 1976;
4. Dmitry A. Melnikov, Chairman of the Board of Directors
Year of birth: 1975;
5. Alexander Y. Nickulov
Year of birth: 1967;
6. Oleg V. Solomentsev
Year of birth: 1962;
7. Alibek A. Tnalın
Year of birth: 1976;
8. Dmitry G. Solodyankin
Year of birth: s 1967;
9. Larissa V. Shiryayeva
Year of birth: 1967;
10. Dmitry V. Shtykov
Year of birth: 1976;
11. Sergey S. Fil
Year of birth: 1980.

Victor S. Gvozdev, **General Director of JSC SGC TGC-8**,
Year of birth: 1963.

JSC SGC TGC-8's Management Board:

1. **Sergey V. Vasiliev**, year of birth: 1970;
 2. **Victor S. Gvozdev**, year of birth: 1963;
 3. **Michael N. Zershchikov**, year of birth: 1965;
 4. **Elena V. Klimashevskaya**, year of birth: 1964;
 5. **Alexander A. Kulagin**, year of birth: 1960;
 6. **Alexander V. Osykin**, year of birth: 1963;
 7. **Dmitry G. Solodyankin**, year of birth: 1967;
 8. Vladimir F.Skorikov, year of birth: 1952;
 9. Anatoly I. Kindya, year of birth: 1952;
 10. Eugeny P. Petrov, year of birth: 1969;
 11. Irina V.Komarova, year of birth: 1972;
- Victor S. Gvozdev, Chairman of the Management Board.

In the 3rd quarter the Company's Management Board has changed: in compliance with the Decision of the Board of Directors dated 23rd August, 2006 (Minutes No.19/2006) the following members have been included in the Management Board:

1. Vladimir F.Skorikov
2. Anatoly I. Kindya
3. Eugeny P. Petrov, and
4. Irina V.Komarova.

1.2. Issuer's Bank Accounts

Full Corporate Name	Affiliate of the Closed Joint Stock Company International Moscow Bank
Abbreviated Corporate Name	International Moscow Bank
Location (Legal Address)	51 Serafimovicha str. Rostov-on-Don
INN	7710030411
Type of Account	current account
No. of Account	40702810800150810648
BIK	046027238
No. of Correspondent Account	30101810200000000238

Full Corporate Name	Affiliate of the Open Joint Stock Company Bank Petrocommerts in Rostov-on-Don
Abbreviated Corporate Name	FCB Petrocommerts in Rostov-on-Don
Location (Legal Address)	59/17 Budennyvsky Prosp. Rostov-on-Don
INN	7707284568
No. of Account	Type of Account
40702840800050200728 40702810300050000584 40702810400000000586 40702810800000000623	Current foreign currency account corporate cards settlement settlement
BIK	046015986
No. of Correspondent Account	30101810300000000986

Full Corporate Name	Open Joint Stock Company Joint Stock Commercial Saving Bank South-Western Bank
Abbreviated Corporate Name	Joint Stock Commercial Saving Bank (OAO)
Location (Legal Address)	116 Pushkinskaya, Rostov-on-Don (19 Vavilova str., Moscow)
INN	7707083893
Type of Account	current account
No. of Account	40702810552000104425
BIK	046015602
No. of Correspondent Account	30101810600000000602

Full Corporate Name	Nongovernmental Organization RTS Clearing House
Abbreviated Corporate Name	NGO RTS Clearing House (OOO)
Location (Legal Address)	B.1, 38 Dolgorukovskaya str., Moscow
INN	7710298190
Type of Account	current account
No. of Account	30214810810000001006
BIK	044583258
No. of Correspondent Account	30103810200000000258

Full Corporate Name	Rostov Affiliate Open Joint Stock Company Alfa-Bank
Abbreviated Corporate Name	Rostov Affiliate OAO Alfa-Bank

Location (Legal Address)	33 Voroshilovsky prosp., Rostov-on-Don
INN	7728168971
Type of Account	current account
No. of Account	40702810900180001006 40702810200180001007
BIK	046015207
No. of Correspondent Account	30101810500000000207
Full Corporate Name	Joint Stock Commercial Bank Promsvyazbank (Closed Joint Stock Company)
Abbreviated Corporate Name	Volgograd Affiliate of JSCB Promsvyazbank (CJSC)
Location (Legal Address)	B.22, 10 Smirnovskaya Str. Moscow 109052
INN	7744000912
Type of Account	расчетный
No. of Account	40702810780000243101
BIK	041806866
No. of Correspondent Account	30101810800000000866
Full Corporate Name	Joint Stock Bank of Gas Industry Gazprombank (Closed Joint Stock Company)
Abbreviated Corporate Name	Affiliate of JSB Gazprombank (CJSC) Krasnodar
Location (Legal Address)	B.1, 16 Nametkina Str. Moscow 117420
INN	7744001497
Type of Account	settlement
No. of Account	40702810760070000718
BIK	040349781
No. of Correspondent Account	30101810500000000781

1.3. Issuer's Auditor (Auditors) Data

Full Corporate Name: Closed Joint Stock Company PricewaterhouseCoopers Audit

Abbreviated Corporate Name: ZAO PricewaterhouseCoopers Audit

Location: B.5, 52 Kosmodamianskaya Naberezhnaya, Moscow 115054

Phone (495) 967- 60-00

Fax: (495) 967- 60-01

Web site: <http://www.pwc.com/ru/rus/main/home/index.html>

License Data:

License No.: E 000 376

Date of Issue: 28.05. 2002

Expiry Date: 28.05. 2007

Licensing Authority: RF Ministry of Finance

Financial year (years) of independent auditing of Issuer's accounts and financial reports: No auditing was conducted by this Auditor

Factors having impact on the Auditor independence: N/A

Information about common material interests of the Auditor (Auditor's officials) and the Issuer (Issuer's officials): N/A

Auditor Selection Procedure:

- **The Auditor tender procedure and its basic conditions** – selection of auditor organizations for the annual auditing of financial reporting of RAO UES of Russia Subsidiary and Dependent Companies is

conducted by the Tender Committee of OAO RAO UES of Russia.

The procedure for nomination of the Auditor to be approved by the General Meeting of Shareholders including the management body making a relevant decision – the Federal Law on Joint Stock Companies does not specify the period and procedure for nomination of the Auditor to be included in the voting list with respect to the issue of the Company's Auditor approval.

Due to this the candidature of the Auditor to be approved by the AGMS shall be specified by the Board of Directors within the framework of decision-making related to preparing and conducting AGMS.

Audits conducted within the framework of special auditing assignment: no such audits were conducted.

Procedure for determination of the amount of the Auditor's remuneration and information on deferred and overdue payments for services provided by the Auditor – In compliance with the Company Charter the issue of Auditor's remuneration shall be within the Board of Directors' authority. The Issuer has neither deferred nor overdue payments for services provided by the Auditor.

1.4. Issuer's Appraiser Data

No Appraiser's services were involved in the reporting period.

1.5. Issuer's Consultants Data

The financial consultant in the securities market as well as other persons who provided the Issuer with consulting services related to the securities issue and signed the Quarterly Report and the latest registered Outstanding Securities Prospectus have not been involved.

1.6. Quarterly Report Signatories

Natalya A. Timchenko, Acting Chief Accountant of JSC SGC TGC-8
Phone (863) 255-55-14, Fax (863) 250-98-95.

II. Basic Details of the Issuer's Financial and Business Performance

2.1. Data of the Issuer's Financial and Business Performance

Indicator	Recommended Estimate Methodology	3 rd Quarter of 2006
Net asset value, ths RUR *	The estimate is based on the methodology stated in RF Ministry of Finance Edict No.10n dated 29.01.2003	10,743,918
Total debt-to-equity ratio %	(Long-term indebtedness as of the end of the reporting period+ Short-term indebtedness as of the end of the reporting period)/(capital and reserves as of the end of the reporting period) x 100	41.77
Total short-term liability-to-equity ratio %	(Short-term indebtedness as of the end of the reporting period)/(capital and reserves as of the end of the reporting period) x 100	39.92
Debt service coverage %	(Net profit within the reporting period + Amortization within the reporting period)/(Liabilities payable within the reporting period + Interest payable within the reporting period)*100	X
Arrears level %	(Arrears as of the end of the reporting period)/(Long-term indebtedness as of the end of the reporting period + Short-term indebtedness as of the end of the reporting period) x 100	6.52
Accounts receivable turnover, times	(Revenue)/(Accounts receivable as of the end of the reporting period – arrears of participants/founders' contributions to the Charter Capital as of the end of the reporting period	1.0
Dividend profit share %	(FY dividends on common shares)/(FY net profit - FY dividends on preferred shares)*100	X
Labour productivity , thus.RUR/person	(Revenue) / (Average number of employees)	311.7
Amortization to revenues ratio	(Amortization) / (Revenue) x 100	4.55

* Net asset value is given as of the end of the reporting period

To estimate data given the methodology recommended by the Regulation on Disclosure of Information by Security Issuers approved by FSFM Resolution No. 05-5/pz-n dated 16th March, 2005 was used.

The net asset value amounted to 13,678,017 ths RUR as of 01.10.2006. This is an absolute indicator. However it does not seem possible to view its dynamics due to the completion of the

Company restructuring in the 2nd quarter through the merger of Regional Generation Companies and a considerable change in the value of the equity capital.

"Total debt-to-equity ratio" and "total short-term liability-to-equity ratio" are indicators of the financial stability of the Company and feature the share of borrowed funds in the total amount of the investment in the Company. Both indicators are in the range of the accepted value which is the evidence of a minimal investor and shareholder risk.

The estimate of debt service coverage is not correct as the estimate of the Company's loss in the 3rd quarter due to the sector specifics.

The overdue accounts payable amounts to 6.52 % in the 3rd quarter of 2006. Compared to the 2nd quarter of 2006 this indicator is 0.7 % lower. 6.52 percent value is the evidence of maintaining the Issuer's ability to settle accounts with counterparties under contractual terms.

In the 3rd quarter of 2006 the turnover rate of accounts receivable slowed down to 1.0 at the cost of the increased accounts receivable and reduced revenue due to the sector specifics. In the 1st quarter of 2006 the turnover rate of the accounts receivable amounted to 3.

In the 3rd quarter of 2006 the labour rate amounted to 311.7 ths RUR/person. In the 1st quarter of 2006 this indicator had a value of 717.5 ths RUR/person, in the 2nd quarter – 352.5 ths RUR/person. The reduction of the labour rate in the 2nd and 3rd quarters was caused by the growing number of employees due to the recruitment procedure and involvement of Volgogradskaya TPP's employees in the Company's staff during the restructuring process as well as the reduction of the revenue in the 2nd and 3rd quarters of 2006 due to the sector specifics.

Amortization to revenues ratio has insignificantly grown in the 3rd quarter of 2006 and amounted to 4.55 % which is based on the transfer of assets from Regional Generation Companies to JSC SGC TGC-8 under reforming.

2.2. Issuer's Market Capitalization

When disclosing information about JSC SGC TGC-8's market capitalization as of the end of the last completed reporting period the market capitalization data were used estimated in compliance with methodology approved by Russia's FCSM Decree (No.03-52/ps) dated 24.12.2003 as well as data disclosed on the official web site of ZAO SE MICEX.

JSC SGC TGC-8 has been performing its operation for less than 5 years; the Company was founded on 21st March 2005. The Company has placed common registered shares with the same nominal value of 1 kopeck, each in the number of 1, 000, 000, 000 (one billion) pieces totaling to 10, 000, 000 (ten million) rubles at the nominal value.

Within the reporting 2005 year as well as the 1st and 2nd quarters of 2006 the Company has not estimated its capitalization as Company's shares have not been brought to the trading floors.

In the 3rd quarter of 2006 ZAO SE MICEX, JSC SE RTS and NP SE RTS started tendering Company's shares.

The market capitalization as of the end of the last completed reporting period – 3rd quarter 2006 – is estimated in the given Table as the multiplication of the relevant category (type) shares number by the market price.

Period	Number of Company's Shares	Market Price as of the Last Tender Date of the Reporting Period kop.	Market Capitalization, RUR.
3 rd Quarter 2006	1, 188, 916, 446, 365	0.0170359	20, 254, 261, 689

The estimate of the market capitalization which amounted to 20,254,261,689 RUR as of 29th September 2006 was based on standards of the Procedure for Estimate of Securities and Investment Shares of Share Investment Funds Listed by Trade Institutions approved by Russia's FCSM Decree No. 03-52/ps dated 24.12.2003.

2.3. Issuer's Liabilities

2.3.1. Accounts Payable

Liability	Due Date	
	up to 1 year	over 1 year
Accounts payable to suppliers and contractors, ths. RUR	1, 526, 603	x
including those overdue, ths. RUR	275, 671	x
Accounts payable to personnel, RUR	71, 651	x
including those overdue, ths. RUR	x	x
Accounts payable to the budget and non-budget funds, ths. RUR	147, 734	x
including those overdue, ths. RUR	119	x
Credits, ths. RUR	2, 199, 334	x
including those overdue, ths. RUR	x	x
Loans, total, ths. RUR	75, 685	x
including those overdue, ths. RUR	x	x
including bonded loans, ths. RUR	x	x
including overdue bonded loans, ths. RUR	x	x
Other accounts payable ths. RUR.	315, 569	x
including those overdue, ths. RUR	16, 843	x
Total, RUR	4, 344, 949	x
including those overdue, RUR.	292, 633	x

Creditors whose share amounts to at least 10% of the total accounts payable:

1. Creditor's Full Corporate Name: OPEN JOINT STOCK COMPANY ALFA BANK, Rostov Affiliate
Abbreviated Corporate Name: JSC ALFA BANK
Location: 33 Voroshilovsky Prosp., Rostov-on-Don
Accounts Payable Total: 688, 724 ths RUR.
Amount and Terms of Accounts Payable Overdue: N/A
2. Creditor's Full Corporate Name: Open Joint Stock Company Commercial Bank Petrocommerts, Rostov-on-Don Affiliate
Abbreviated Corporate Name: FCB Petrocommerts in Rostov-on-Don
Location: 59/17, Budennovsky Prosp. 344011
Accounts Payable Total: 600, 000 ths RUR
Amount and Terms of Accounts Payable Overdue: N/A.

Creditors whose share amounts to at least 10% of the total accounts payable are not Issuer's affiliated persons.

2.3.2. Issuer's Credit History

Data on Performance of Credit Liabilities by JSC SGC TGC-8

Liability	Creditor (Loaner)	Principal Debt, RUR/Foreign Currency	Term of Credit (Loan)/ Due Date	Delay of Payment of the Principal Debt and/or fixed interest, overdue period, days
Replenishing Current Assets	FCB Petrocommerts	26, 000, 000	30 th June 2005/29 th July 2000	No
Replenishing Current Assets	FCB Petrocommerts	65, 000, 000	11 th July 2005/10 th August 2005	No
Replenishing Current Assets	FCB Petrocommerts	210, 000, 000	11 th August 2005/09 th September 2005	No
Replenishing Current Assets	FCB Petrocommerts	40, 000, 000	30 th August 2005/28 th September 2005	No
Replenishing Current Assets	FCB Petrocommerts	200, 000, 000	08 th September 2005/07 th October 2005	No
Replenishing Current Assets	FCB Petrocommerts	118, 000, 000	29 th September 2005/26 th December 2005	No
Replenishing Current Assets	FCB Petrocommerts	150, 000, 000	20 th September 2005/17 th March 2006	No
Replenishing Current Assets	FCB Petrocommerts	118, 000, 000	19 th December 2005/15 th February 2006	No
Replenishing Current Assets	FCB Petrocommerts	200, 000, 000	10 th October /29 th December 2005	No
Replenishing Current Assets	FCB Petrocommerts	120, 000, 000	13 th October 2005/11 th November 2005	No
Replenishing Current Assets	FCB Petrocommerts	108, 000, 000	7 th November 2005/24 th February 2006	No
Replenishing Current Assets	FCB Petrocommerts	104, 000, 000	25 th November 2005/20 th March 2006	No
Replenishing Current Assets	FCB Petrocommerts	100, 000, 000	27 th December 2005/24 th March 2006	No
Replenishing Current Assets	FCB Petrocommerts	100, 000, 000	28 th December 2005/24 th March 2006	No
Replenishing Current Assets	FCB Petrocommerts	120, 000, 000	17 th November 2005/03 rd April 2006	No
Replenishing Current Assets	FCB Alfa-Bank	120, 000, 000	21 st February 2006/18 th August 2006	No
Mazut Delivery Payment	FCB Alfa-Bank	100, 000, 000	22 nd February 2006/08 th December 2006	No
Replenishing Current Assets	FCB Petrocommerts	226, 000, 000	28 th February 2006/26 th May 2006	No
Mazut Delivery Payment	FCB Petrocommerts	30, 299 671.47	13 th March 2006/ 09 th June 2006	No
Mazut Delivery Payment	FCB Petrocommerts	21, 528 793.21	13 th March 2006/ 09 th June 2006	No
Replenishing Current Assets	FCB Petrocommerts	257, 000 000.00	21 st March 2006/ 21 st April 2006	No
Replenishing Current Assets	FCB Alfa-Bank	53, 000 000.00	21 st March 2006/ 21 st March 2007	No
Replenishing Current Assets	FCB Petrocommerts	200, 000 000.00	27 th March 2006/ 27 th March 2007	No
Mazut Delivery	FCB	115, 443	7 th April 2006/ 07 th	No

Payment	Alfa-Bank	599.30	July 2006	
Mazut Delivery Payment	FCB Alfa-Bank	132, 656 381.40	17 th April 2006/ 15 th September 2006	No
Replenishing Current Assets	FCB Alfa-Bank	47, 343 618.60	24 th April 2006/ 24 th July 2006	No
Replenishing Current Assets	FCB Alfa-Bank	11, 556 400.70	24 th April 2006/ 24 th July 2006	No
Replenishing Current Assets	FCB Petrocommerts	186, 000 000.00	24 th April 2006/ 21 st June 2006	No
Replenishing Current Assets	FCB Petrocommerts	135, 000 000.00	23 rd May 2006/ 20 th July 2006	No
Mazut Delivery Payment	FCB Petrocommerts	32, 714 599.05	26 th May 2006/ 22 nd August 2006	No
Replenishing Current Assets	FCB Petrocommerts	193, 285 400.95	26 th May 2006/ 22 nd August 2006	No
Replenishing Current Assets	JSB Gazprombank	245, 340 000.00	30 th May 2006/ 24 th November 2006	No
Replenishing Current Assets	JSB Gazprombank	154, 660 000.00	19 th June 2006/ 13 th October 2006	No
Replenishing Current Assets	JSCB Promsvyazbank	200, 000 000.00	01 st June 2006/ 11 th May 2007	No
Loan	RAO UES of Russia	151, 369 512.21	17 th December 2001/ December 2006	No
Replenishing Current Assets	FCB Alfa-Bank	130, 000 000.00	27 th June 2006/ 27 th December 2006	No
Replenishing Current Assets	FCB Alfa-Bank	40, 000 000.00	29 th June 2006/ 27 th October 2006	No
Replenishing Current Assets	FCB Petrocommerts	90, 000 000.00	30 th June 2006/ 27 th October 2006	No
Replenishing Current Assets	FCB Alfa-Bank	66, 000 000.00	30 th June 2006/ 30 th October 2006	No
Replenishing Current Assets	FCB Petrocommerts	284, 000 000,00	21 st July 2006/ 16 th January 2007	No
Replenishing Current Assets	FCB Alfa-Bank	127, 000 000,00	25 th July 2006/ 25 th April 2007	No
Replenishing Current Assets	FCB Alfa-Bank	125, 381 000.00	27 th July 2006/ 27 th December 2006	No
Replenishing Current Assets	FCB Alfa-Bank	47, 343 000.00	27 th July 2006/ 13 th April 2007	No
Replenishing Current Assets	FCB Petrocommerts	226, 000, 000	24 th August 2006/ 16 th February 2007	No
Replenishing Current Assets	JSCB ROSBANK	302, 114, 000	29 th August 2006/ 25 th May 2007	No
Power Equipment Maintenance Services	FCB Alfa-Bank	40, 191, 000	26 th September 2006/ 26 th March 2008	No
Mazut Delivery Payment	FCB Alfa-Bank	54, 000, 000	26 th September 2006/ 26 th March 2008	No

2.3.3. Issuer's Backing Liabilities Relating to Third Parties

No backing provided

2.3.4. Other Issuer's Liabilities

Agreements including off-balance time transactions which could have a significant impact on the financial status of JSC SGC TGC-8, its liquidity, financial sources and terms of their use, output and costs – none.

2.4. Objectives of the Issue and Use of Proceeds

No issue has been proceeded by the Company within the reporting period.

2.5. Risks Related to Investing in the Issue Securities being placed hereunder

2.5.1. Industry-Related Risks

The key industry-related risk for the Issuer's planned heat and power production and sale is the overrunning price growth of fuel costs. In the fuel balance of the heat generation the basic kind of fuel is gas (more than 90% of the total amount of heat and power produced at the thermal plants located in the regions of the Issuer's planned activities is produced on the natural gas). The Issuer's product prices are subject to state regulation pursuant to current legislation (FL on State Regulation of Electric and Heat Power Tariffs in Russian Federation). The size of end heat and power tariffs is of great social importance.

A faster growth of gas prices comparing to heat and power prices may result in considerable losses. Fuel costs in the operating costs of heat and power production amount to 70%. The implemented sector programmes for cutting costs and enhancement of power production technologies can only partly compensate the said risk.

Weather conditions of regions of Company business activities, provide a long-term perspective of the replacement of services provided to customers by the Company and as a consequence, reduction of heat and correspondingly electric power of a combined cycle production.

Planned activities to minimize risks: Efficient cooperation with regulatory authorities pertaining to setting heat and power tariffs like the Federal Tariff Service, Regional Tariff Services for JSC SGC TGC-8 regarding fuel costs growth and inflation rate. The autonomous fuel (gas) suppliers are to be found and contracted with.

In the 3rd quarter of 2006 the power sector proceeded with reforms. Under reforming industry-related risks will minimize and Company cost assessment will be closer to their fair price.

Risks related to a probable change in fuel and services used by the Company (separate in the home and external market) prices and their impact on Company's business.

During the 3rd quarter of 2006 gas suppliers imposed insignificant restrictions on limit gas supply under contracts. The Company makes all efforts decreasing the impact of changes in the fuel supply on its operations including: replenishment of mazut stock, implementation of reducing production costs programme, cutting expenses, including hedging this type of risk.

Risks related to potential change in Company's products and/or services prices (separate in the home and external markets) and their impact on the Company's business.

The high degree of the Company's business dependence on System Operator's directions could entail the decrease in the business profitability but not in the extent to have negative impact on the securities placement liabilities performance.

The revenue-to-be is predictable in the short run. There are no risks related to changes in external market prices as the Company does not provide export services.

2.5.2. Country-Related and Regional Risks

Currently a positive tendency of RF international ratings growth can be observed.

According to the classification of international rating agencies Fitch, Moody's and Standard & Poor's Russia has an investment rating which features its economic and political situation as not dangerous in the short-term perspective.

The forecast is maintained as "stable" for all ratings. In agencies' view, favourable factors contributing to increasing Russia's ratings are the economic growth which has been seen in Russia over the past few years and resulted in the enhancement of many key performance indicators including the current account surplus as well as growth of Russia's gold and currency reserves.

On the other hand, Russia's economy is not protected from market declines and economic development slowdown in other countries of the world. As it happened in the past, financial problems or keen perception of risks of investment to developing countries could decrease the amount of investment to Russia and affect the Russian economy. In addition, Russia produces and exports large

volumes of natural gas and oil and the Russian economy is particularly vulnerable facing changes in natural gas and oil prices since the drop in gas and oil prices could slow down or stagger the development of the Russian economy. These phenomena could limit the Company's access to the capital and affect the purchasing capacity of the Company's products consumers.

The Company is registered as a taxpayer in Astrakhan Region of Russian Federation, directly in Astrakhan city. The Company has its own production capacities in such cities as Astrakhan, Rostov-on-Don, Volgograd, Makhachkala, Volgograd, Kislovodsk and Krasnodar.

Country-related and regional risks connected with political and economic situation in the country, arise due to the probability of changes in the Russian Federation legislation, taxation policy and state regulation conditions which can result in changes of profit allocation only upon the commencement of operating activities of the Issuer.

The Company is governed in its business by the Russian Federation Civil Code, Tax Code, Federal Law on Joint Stock Companies and Federal Law on Specific Features of Electric Power Industry Functioning during the Transitional Period.

The Company has competitors in the local heat markets – large plants of wholesale Generation Companies (WGC). The prime cost of the power generated by these Companies is lower in a condensation mode than the prime cost of power generated by the Company. However, Company's plants have a high competitive advantage in a heat-extraction mode as their specific flow rates are much lower than those of competitors'.

As well, the essential risk pertaining to industry-related risks but particularly important due to its regional specificity is a nonpayment risk. Some regions of the Company operating activities are subsidized and local customers have a low paying capacity and bad payment discipline. In case of overall economic decline in the country such regions can suffer at a greater extent.

Planned activities to minimize risks: Restructuring Agreements with debtors; banker guarantees; heat and power consumption limitation modes or cutting off heat and power supply to debtors; joint and subsidiary responsibility of administrations for budget-funded organizations and claiming activity with debtors. Competitors' activity monitoring. Promoting a policy of competitors removal based on market techniques targeted at profit earning and business development of JSC SGC TGC-8. Development and implementation of a complex programme ensuring a reduced cost of products delivered to regions.

Risks pertaining to probable military conflicts, announcement of the state of emergency or labour troubles in the country or region where the Company is registered as a taxpayer:

The probability of this kind of risk is the highest in Dagestan and Stavropol Region where affiliates of the Company are located due to the territorial proximity to Chechen Republic.

Planned activities to minimize risks: To decrease risks probability the Company is developing counterterrorist actions and programmes. The Security Department has been established. Generation facilities insurance for illegal and terrorist actions. The Dagestan assets have been insured against terrorism risk. The announcement of the state of emergency and labour troubles will not seriously affect the Company operations. The probability of such risks is minimal.

Risks related to geographic features of the country and region where the Company is registered as a taxpayer as well as a heightened danger of natural disasters, potential termination of transport communication due to the remote and/or hardly accessible areas, etc.: The Company performs its activities in the favourable climatic zone, has a sustainable transport communication with other regions of the country; the region does not feature a heightened danger of natural disasters.

2.5.3. Financial Risks

The risk of increased credit and loan interest rates is minimal as regional economies basically have positive development dynamics. There is a minimal risk of profit decrease.

Risks related to credit agreements terms.

The risk of credit agreements terms nonobservance in future is minimal.

Inflation risk.

In case of inflation rates acceleration, the actual cost of interest payment obligations in national currency decrease which is a favourable factor for the Company. The probability of Company's default on securities monetary obligations is low.

Risks related to foreign currency rates change.

The Company's pricing policy does not assume any relationship between revenues (losses) and USD rate.

Planned activities to minimize financial risks: Cutting production and management costs. Implementation of the Balanced Scorecard (BS). Financial Responsibility Centres (FRC) have been determined in JSC SGC TGC-8. A budget execution and fiscal systems have been implemented. The inflation impact is to be minimized through taking into account inflation rates under development of tariff schemes.

2.5.4. Legal Risks

Potentially negative for the Issuer risks related to changes in the currency regulation, tax legislation, customs regulations and duties, licensing requirements as well as judicial practice changes relating to issues of the key business activity of the Company

- **Risks related to changes in currency regulation:** Such risks are insignificant as JSC SGC TGC-8 neither sells nor plans to sell its production in the foreign market. As well, JSC SGC TGC-8 does not plan to be involved in large scale import transactions.
- **Risks related to changes in the tax legislation:** The basic Act regulating tax relations is RF Tax Code. There is a risk of making amendments or additions to Tax Code provisions which may entail the increased tax burden and, correspondingly, changes in totals of the business activity including net profit decrease.
- **Risks related to changes in customs regulations and duties:** These risks are insignificant as JSC SGC TGC-8 neither sells nor plans to sell its production in the foreign market. As well, JSC SGC TGC-8 does not plan to be involved in large scale import transactions.
- **Risks related to changes in requirements for licensing Issuer's key activity or licensing rights for objects of a limited use:** Changes in requirements for licensing Issuer's key activity may have a negative impact on the Issuer's activity if due to these changes the Issuer will not be able to obtain/extend licenses required for the Issuer's future activity or current licenses will be revoked in a judicial order. This may extend the documents preparation stage necessary for prolongation of license validity term and for compliance of the Issuer with licensing requirements stated by the law which the Issuer will not be able to comply with or this compliance will entail large costs. These circumstances can cause negative consequences for the Issuer.
- **Risks related to changes in judicial practice related to Issuer's key business activity which can have a negative impact on its operations as well as on the results of current court proceedings with the Issuer's participation.**

Changes in the judicial practice related to Issuer's activities and able to entail delivering judgments against the Issuer may affect the Issuer's business. However, the probability of the changes affecting the Issuer's business is minimal.

2.5.5. Risks Relating to the Issuer's Activity

Risks pertaining to the Issuer only and including risks relating to:

- **current judicial proceedings with the Issuer participation:** The Company does not participate in court proceedings which can deeply affect its operations;
- **lack of possibility to extend the Issuer's license for a certain kind of activity or licensing rights for objects of a limited use:** Changes in requirements for licensing Issuer's key activity may have a negative impact on the Issuer's activity if due to these changes the Issuer will not be able to obtain/extend licenses required for the Issuer's future activity or current licenses will be revoked in a judicial order. This will also negatively affect the Issuer but the probability of such consequences is minimal.

- **probable Issuer's liability for the third parties' debts including Issuer's Subsidiary Companies:** The Issuer is not liable for the third parties' debts;
- **probable loss of customers who provide at least 10 percent of products (works, services) sales revenue of the Issuer:** JSC SGC TGC promotes a flexible heat and power pricing policy to prevent bulk customers from leaving.

Risks relating to the Issuer's business which can affect the performance of placed securities liabilities are minimal.

III. Detailed Information about the Issuer

3.1. Issuer's Background and Development

3.1.1. Issuer's Corporate Name

Issuer's Full Corporate Name in Russian: Открытое акционерное общество "Южная генерирующая компания – ТГК -8"

Issuer's Full Corporate Name in English: Joint Stock Company South Generation Company - TGC-8

Issuer's Abbreviated Corporate Name in Russian: ОАО "ЮГК ТГК-8"

Issuer's Abbreviated Corporate Name in English: JSC SGC TGC-8

The Issuer has no information that its name is similar to any other legal entity's name.

The Issuer's corporate name is not registered as a trademark or a service mark.

The Issuer's corporate name was changed on 23.11.2005 pursuant to the Decision of the General Meeting of Shareholders dated 04.11.2005 (Minutes No.1338pr) performing the function of the General Meeting of Shareholders in compliance with i.3 Article 47 of the Federal Law on Joint Stock Companies.

Previous Issuer's Corporate Name Data:

Issuer's Full Corporate Name in Russian: Открытое акционерное общество «Территориальная генерирующая компания №8»

Issuer's Full Corporate Name in English: Open Joint Stock Company Territorial Generation Company No.8

Issuer's Abbreviated Corporate Name in Russian: ОАО "ТГК-8"

Issuer's Abbreviated Corporate Name in English: JSC TGC-8

3.1.2. Issuer's State Registration Data

Basic State Registration Number: 1053000012790

Date of Registration of the Legal Entity: 22.03.2005.

Name of the Registration Body: Inspection of Federal Tax Service of Kirovsky District, Astrakhan city

3.1.3. Issuer's Incorporation and Development

Issuer's Life Period since the Registration Date: 1, 5 years

JSC SGC TGC-8 service period: not identified

Issuer's Background Data:

JSC SGC TGC-8 was founded by a sole founder – OAO RAO UES of Russia pursuant to the Decree of OAO RAO UES of Russia No. 53r dated 21.03.2005.

The main purpose of the Issuer is profit earning. To earn profit the Issuer is entitled to carry out the following kinds of activities:

- exercise of executive bodies' authorities in Stock and other business Companies in the form and manner stipulated by the legislation and executed contracts;
- property trust management;
- consulting services;
- securities transactions in the form and manner stipulated by the applicable legislation of the Russian Federation;
- agents' services;
- design estimate, surveying, research and engineering works;
- foreign economic activity;
- forwarding services;
- heat and power supply (sale);
- heat and power procurement (purchase) from the electric power wholesale market (capacity)
- performance of parallel operations in compliance with Unified Energy System of Russia under contractual terms;

- operation of off-balance power facilities under the contracts with these power facilities' owners;
- environmental activities;
- environmental impact-based activities, environment protection and natural resources utilization, storage and industrial waste transportation;
- oversight of safe service of consumers' electric and heat-energized installations connected to the Company heat and electric network;
- training and re-training programs delivery;
- health and safety personnel training;
- civil defense, emergency and information security activities pursuant to the Russian Federation legislation;
- security activity aimed at exclusively inherent security within the framework of the Company Security Service established pursuant to RF Federal Law on Private Detective and Security Activity in the Russian Federation;
- electric power and heat generation;
- provision for energy efficient and energy conservation modes of power plants equipment operation under power supply contractual terms;
- provision for the compliance of energy equipment operation with applicable regulations, its duly and quality maintenance, technical reequipment and power facilities reconstruction;
- power supply to consumers connected to the Company electric and heat lines in compliance with contracts executed;
- assimilation of new equipment and technologies providing for the safety and ecological efficiency of Company facilities' operation;
- heat networks operation;
- development of communication facilities and communication services;
- oil and oil products storage;
- operation of explosion-hazardous industrial facilities;
- operation of fire-hazardous industrial facilities;
- operation and maintenance of Gosgortekhnadzor (Federal Committee for Mining and Industrial Supervision) facilities;
- upkeep of buildings and installations;
- metrology provisions;
- hazardous waste handling;
- operation of internal gas distribution network;
- measuring equipment repair;
- other activities.

The Issuer can be engaged in some kinds of activities specified by federal laws, only in compliance with a special permit (license). The Issuer was founded to implement the State Power Sector Reforming Programme approved by the Resolution of RF Government No.526 11.07.2001.

On 1st June 2006 JSC Astrakhan Regional Generation Company, JSC GC Volzhskaya, JSC Dagestan Heat Generation Company, JSC RGC and JSC Stavropol Heat Generation Company merged with JSC SGC TGC-8. Since that time upon the universal legal succession JSC SGC TGC-8 has become an assignee of rights and obligations of merged Companies.

Issuer's Mission:

- ensure a reliable, quality and uninterrupted heat and power supply of customers in the regions of JSC SGC TGC-8 operation;
- promote a sustainable economic growth and social stability of these regions;
- provide environmental safety including through application of resource-recovery technologies.

Other information about the Issuer's operations that can affect the decision on the acquisition of Issuer's securities is not provided.

3.1.4. Contacts

Issuer's Location: 32, Krasnaya Naberezhnaya str., Astrakhan, Russian Federation

Location of Issuer's Permanent Executive Body: 13 Sokolova str., Rostov-on-Don, Russian Federation

Phone: (863) 255-50-70, 255-50-72

Fax: (863) 255-50-71

E-mail: info@tgk-8.ru

Issuer's Shareholder Subdivision: Shareholder Relations Department of JSC SGC TGC-8

Phone: (863) 255-55-65

Fax: (863) 219-29-10

E-mail: nora@tgk-8.ru

Issuer's web site: www.tgk-8.ru

Issuer's Investor Subdivision: Investment Analysis and Investor Relations Department of JSC SGC TGC-8

Phone: (863) 219-29-11

Fax: (863) 219-29-10

E-mail: noppsd@tgk-8.ru

Issuer's web site: www.tgk-8.ru

3.1.5. Taxpayer's Identification Number

3015068092

3.1.6. Issuer's Affiliates and Representative Offices

Name: Astrakhan Generation Affiliate

Location: 32, Krasnaya Naberezhnaya str., Astrakhan, 414000, Russian Federation

Opening Date: 03.06.2005

Head: Andrey M. Kovalev

Term of Issuer's Warrant: 31.12.2006

Name: Volgograd Generation Affiliate

Location: 7, Skosyeva str., Volgograd, 400131, Volgograd Region, Russia

Opening Date: 27.05.2005

Head: Pavel P. Ramensky

Term of Issuer's Warrant: 31.12.2006

Name: Dagestan Generation Affiliate

Location: 25, Nasrutdinova str., Makhachkala, 347007, Dagestan Republic

Opening Date: 17.06.2005

Head: Esedula I. Akhmedov

Term of Issuer's Warrant: 31.12.2006

Name: Rostov City Generation Affiliate

Location: 4, Kurskaya str., Rostov-on-Don, 344039, Rostov Region

Opening Date: 30.06.2005

Head: Vladimir A. Simonov

Term of Issuer's Warrant: 31.12.2006

Name: Rostov Generation Affiliate

Location: 9, Melioratorov str., Volgodonsk, Rostov Region

Opening Date: 07.06.2005

Head: Gennady V. Shockalo

Term of Issuer's Warrant: 31.12.2006

Name: Stavropol Generation Affiliate
Location: 18, Tyuleneva str., Kislovodsk, 357700, Stavropol Region, Russia
Opening Date: 07.06.2005
Head: Michael B. Orman
Term of Issuer's Warrant: 31.12.2006

Name: Kuban Generation Affiliate
Location: 13, Tramvainaya str., Krasnodar, 350021, Russia
Opening Date: 01.11.2005
Head: Vadim A. Blagoder
Term of Issuer's Warrant: 31.12.2006

Moscow Representative Office

Location: A-184 office, Building 4, 78, Vernadskogo prosp., Moscow, 119454
Opening Date: 20.06.2005
Head: Eugeny V. Kolesnik
Term of Issuer's Warrant: 31.12.2006

No changes have occurred in Affiliates or Representative Office structures within the 3rd quarter 2006.

3.2. Issuer's Key Business Activities

3.2.1. Issuer's Sector

Codes of key sector areas of the Issuer's business activity according to All-Russian Classifier of Types of Economic Activity (OKVED):

OKVED Code	Product Types
40.10.11	Thermal Power Generation
40.10.12	Hydropower Generation
40.10.2	Power Transmission
40.10.3	Power Distribution
40.10.41	Maintenance of Thermal Power Plants
40.10.5	Maintenance of Electricity Networks
40.30.11	Steam and Hot Water (Thermal Power) Generation
40.30.2	Steam and Hot Water (Thermal Power) Transmission
40.30.3	Steam and Hot Water (Thermal Power) Distribution
40.30.5	Maintenance of Heat Networks
51.56.4	Wholesale Heat and Power Sales (without transmission and distribution)

3.2.2. Issuer's Key Business Activity

The key activities performed by JSC SGC TGC-8 include electric power generation (78% of revenue in the total income) and thermal power and hot water production (CPW) – 20.9 %.

At the same time Volgograd Region's share of the total income earned by the Company through the key activity is 35 %, Rostov Region's share is 21,5% and Astrakhan Region's -13% and Krasnodarsky Krai – 28.2 %.

The seasonal influence on the Company's affiliates' operations should be noted: it means that there is no need to supply heat power in summer.

The basic part of Company's costs falls on fuel costs – 49.4 %. Costs of fuel necessary to produce electric and heat power are based on approved natural gas prices, transportation services, use of distribution gas pipes and contractual mazut prices. The fuel balance is based on the full use of natural gas limit and additional supply of over-limit gas. As the Company's operations are performed on leased production assets up to 1.06.2006 the Generation Companies' essential cost item was the rent. Its amount within the costs structure was 7.7%. However, due to Company reforming in the 3rd quarter these costs share in the general structure has reduced up to 3.8% and amortization share has increased up to 3.7%. In the 3rd quarter of 2006 raw materials and consumables costs amounted to

9.2%; production-type operations and services costs amounted to 10.9%. At the same time the main share in Production-Type Services item falls on capital production assets repair performed according to Capital and Interim Repairs Schedule. So, in the 3rd quarter of 2006 the percent of these costs is higher than in the 1st quarter of 2006 since the most part of repairs is performed in summer. The main share in Raw Materials and Consumables item falls on technological needs. Labour costs amount to 10.3% of Company's total costs. They have formed according to the sectoral Tariff Agreement.

3.2.3. Key Products (Works, Services)

Products (works, services) providing at least 10 percent of Issuer's volume of proceeds (revenue):

Indicator	3 rd quarter of 2006
Products Sales Proceeds (works, services) total, ths RUR	2,442,804
including power sales, ths RUR	1,915,959
Percent of the Total Volume of Proceeds, %	78.4
Heat Power Sale, ths RUR	407,069
Percent of the Total Volume of Proceeds, %	16.7
Other Key Business Products Sale including CPW, ths RUR	101,661
Percent of the Total Volume of Proceeds, %	4.2
Non-Key Activity Products Sale, ths RUR	18,114.2
Percent of the Total Volume of Proceeds, %	0.74

Total Prime Cost Structure

Item	3 rd quarter of 2006
Raw Materials and Supplies, %	9.2
Purchased Consumables and Half-Finished Products, %	0.0
Production Operations and Services Provided by External Organizations, %	10.9
Fuel, %	49.4
Power, %	3.5
Labour Costs, %	10.3
Interest on Credit, %*	1.43
Rent, %	3.8
Social Deductions, %	2.2
Fixed Assets Amortization, %	3.7
Taxes Included in the Products Prime Cost, %	1.1
Other Costs (to be clarified), %	5.9
Intangible Assets Amortization, %	0.0
Innovation Proposal Remuneration, %	0.0
Insurance Payments, %	0.5

Travel and Hospitality Expenses, %	0.2
Non-Production Operations and Services Provided by External Organizations, %	1.4
Other, %	3.8
Total: Production and Sales Costs (works, services) (prime cost), %	100
Reference: Products Sales Proceeds (works, services) – Prime Cost Ratio, %	81.04

Data are accounted in operating costs structure rather than in prime cost structure

JSC SGC TGC produces electric and heat power (including chemically purified water). Non-key products sale amounts to only 0,7% of the total revenue and includes rent, CPW pumps operation, cargo transportation, heat inputs testing and other kinds of income gained from providing services to outside organizations.

Due to its business specifics the Company is not developing new types of products. In the 3rd quarter of 2006 production and sale costs amounted to 3,014,583 ths RUR or 123.4 % of the total revenue which indicates that the Company's operations in the 3rd quarter of 2006 have been loss-making due to the sector specifics.

When calculating these figures accounting reporting was used which complies with FL dated 21st November 1996 No. 129FZ on Accounting, RF Tax Code (Part 1) dated 31st July 1998 No. 146-FZ, Regulation on Accounting and Reporting in Russian Federation approved by the Order of the Ministry of Finance dated 29.07.98 No. 34n, RAS No. 4/99 Accounting of Organizations approved by the Ministry of Finance Order dated 06.07.99 No. 43n and Accounting Policy of JSC SGC TGC developed in compliance with requirements of accounting regulatory acts, regarding some requirements of Russian Federation tax and civil legislation.

3.2.4. Raw Materials and Issuer's Suppliers

The key raw material of the Issuer is gas.

Data on Issuer's Suppliers who Account for 10 % of all Raw Materials Delivery:

3rd Quarter of 2006

No	Products (Works, Services)	Supplier of Products (Works, Services)	Suppliers' Location	Volume of Products (Works, Services) Purchases (in value terms, ths. RUR)	Share in the Total Volume of Supplies %
1	Residue Gas	JSC Astrakhanregiongaz "	10, Governor A. Guzhvin prosp., Astrakhan, 414000, Astrakhan Region	295,589.48	12.3%
2	Residue Gas	JSC Volgogradregiongaz	13, Kovrovskaya str., Volgograd 400001, Volgograd Region	410,768.59	17.1%
3	Natural Gas	JSC Krasnodarregiongaz "	40/1 Lenina str. Krasnodar 350000 Krasnodarsky Krai	318,574.05	13.2%

4	Natural Gas	JSC Rostovregiongaz	20/17 , Voroshilovsky prosp., Rostov-on-Don 344006, Rostov Region	324,969.80	13.5%
TOTAL				1, 349, 901.93	

The gas price hasn't changed more than 10 percent within the reporting quarter.

The Issuer does not import any raw materials.

The Issuer's key fuel availability in future is mostly determined by limits and tariffs specified by the government. The alternative source could be the gas of independent suppliers (limited) and mazut as reserve fuel.

3.2.5. Issuer's Markets of Products (Works, Services)

Heat Power

Open Joint Stock Company South Generation Company TGC-8 (JSC SGC TGC-8) performs its operations on the territory of the South Federal District of Russian Federation.

Company's Affiliates are located on the following administrative units: Astrakhan Region, Volgograd Region, Dagestan Republic, Rostov Region, Stavropolsky Krai, Krasnodarsky Krai.

The population of local markets (cities of presence) in which Company's heat assets operate amounts to about 4,648.6 ths people (according to 2005 data)

Astrakhan Region

Company's Affiliates' Heat Sources supply heat only in **Astrakhan city** (centre of Astrakhan Region).

Astrakhan city is located in the estuary of the Volga River on both banks of the river bed and is crossed by a number of channels bordering separate parts of the city. It occupies about 500 sq km on 11 islands and can be divided into 4 administrative parts. The city stretches more than 25 km along the Volga banks, particularly its right-bank part. The population is about 501.3 ths people. The climate is sharply continental and dry.

City heat supply is provided from the following heat sources:

- JSC SGC TGC-8 - Astrakhanskaya HPP;
- Astrakhanskaya TPP;
- Tsentralnaya Boiler House;
- 30 boiler houses of Heat Networks MUE (Municipal Unitary Enterprise) – property of JSC SGC TGC-8
- Heat Networks UME of Trusovskoy District - 11 boiler houses;
- Severnaya TPP;
- local municipal and departmental boiler houses - about 38 boiler houses.

Generation sources of Astrakhan Generation are placed only in the left-bank part of the city and generation sources of key competitors in the local markets (Heat Networks UME of Trusovskoy District and Severnaya TPP) are placed in the right-bank part.

Affiliate's heat sources (including boiler houses of Heat Networks MUE) are not united into a single heat system, they provide heat for separate autonomous parts, i.e. operate on a local zone basis.

Heat is supplied as steam and hot water.

JSC SGC TGC-8's share in the common heat market is about 80 %.

JSC SGC TGC-8's steam consumers' share is about 2.5 %.

The current industrial share in JSC SGC TGC-8's heat consumers' structure is about 5-6 %. The key consumers are housing and utility enterprises (mainly household consumers) ~ 94-95 %.

Budget consumers of all levels constitute 1.3-1.5 % of the total JSC SGC TGC-8's heat consumption.

Volgograd Region

Volgograd Generation Company's Affiliate supplies heat power to consumers of three Volgograd Region units – **Volgograd city and Volzhsky and Kamyshin towns**, i.e. there are three large unconnected territorial (local) heat power markets.

Volgograd City (Centre of Volgograd Region).

The city is located on the right (western) elevated bank of the Volga River.

It covers about 565 sq km and is divided into 8 administrative parts, 7 of which have the access to the river bank. Quite a narrow city zone stretches more than 80 km along the river bank. The population is about 999.1 thousand people.

The climate is continental and dry, winter is cold and has little snow and summer is hot and dry.

The city heat supply is provided from the following heat sources:

- JSC SGC TGC-8 - Volgogradskaya HPP;
- Volgogradskaya TPP-2;
- Volgogradskaya TPP-3;

Volgogradskaya TPP-3 is located out of the city, carries mainly an industrial load, is included in Partnership and does not participate in the city heat supply.

- 107 municipal boiler houses operated by ZAO Regional Power Service.
- departmental boiler houses, mostly plant-level - about 21 boiler houses.

Generation sources of Volgograd Generation are placed only in the southern part of the city, are not united into a single heat system and supply heat to separate autonomous parts of the city besides industrial consumers.:

- Volgogradskaya HPP – part of the residential sector of Kirovsky Raion;
- Volgogradskaya TPP -2 - part of the residential sector of Krasnoarmeisky Raion;
- Volgogradskaya TPP -3 - Svetly Yar village.

Heat is supplied by Affiliate's heat sources as steam and hot water.

The steam consumers' share in the total volume of heat (excluding Volgogradskaya TPP-3) is about 64 %.

The current industrial share in JSC SGC TGC-8's heat consumers' structure (excluding Volgogradskaya TPP-3) is about 70 %.

Volgogradskaya TPP-3 supplies more than 92 % of the produced heat to the industry (monoconsumer – JSC Kaustik).

Heat is mainly supplied to household consumers by WRE (Wholesale Reseller Enterprise) ZAO RES.

Volzhsky Town

The town is located on the left low bank of the Volga River in the outlet of the branch (river) Akhtuba, upwards (to the north-east) of Volgograd city ~ 20 km down the Volga River. It covers about 145 sq km. The most part of the city and its centre are located on the left bank of the Akhtuba River.

The population of the city is about 309.47 ths people.

The climate is continental and dry, winter is cold and has little snow and summer is hot and dry.

The city heat supply is provided from the following heat sources:

- JSC SGC TGC-8 - Volzhskaya TPP-1;
- Volzhskaya TPP-2;
- departmental boiler houses.

The heat supply from the Affilites' sources is provided through the heat network of Volzhsky Heat Network enterprise (included in the Affiliate) and heat network of Heat Network MUE of Volzhsky town (which have become the Company's property as arrears).

Alternative heat sources are practically unavailable in the town today.

Heat is supplied by Affiliate's heat sources as steam and hot water.

The steam consumers' share in the total volume of heat supplied by the plants is about 30 %. The industrial share in the structure of Affiliate's heat consumer currently amounts about 45-50 %.

Kamyshin Town

The town is located on the right (western) part of Volgograd Reservoir and on the shores of Kamyshinskoye Shelter Gulf, upwards (to the north) of Volgograd city ~ 180 down the Volga River. The town area is crossed by deep ravines. Therefore southern and northern town parts are connected

by the highway bridge. The area is about 118 sq km. The population of the town is about 123.9 ths people. The climate is sharply continental and dry, winter is cold and has little snow and summer is hot and dry.

The city heat supply is provided from the following heat sources:

- JSC SGC TGC-8 - Kamyshinskaya TPP;
- 15 boiler houses of Heat Network MUE of Kamyshin town (leased by JSC SGC TGC-8);

Heat sources are not united into a single heat system and supply heat to separate autonomous parts.

Kamyshinskaya TPP supplies heat to the northern parts of the town and municipal boiler houses are concentrated in the southern part.

Heat is supplied by Affiliate's heat sources as steam and hot water.

The steam consumers' share in the total volume of heat supplied by the plant is about 10-12 %. The current industrial share in Affiliate's heat consumers' structure is about 18 %.

Heat is supplied to household consumers through heat networks owned by the Company and leased town's MUE heat networks.

Dagestan Republic

The heat is supplied from Dagestan Generation Affiliate's heat sources in Makhachkala city and Kaspiisk town.

Makhachkala City

Makhachkala city, Dagestan capital is located on the western coast of the Caspian Sea on the strip of Primorskaya Lowlands between Tarkitau Mountain and the sea, at the foothill of the Big Caucasus. The climate is transitional from marine to continental. The winter is mild. The city with adjacent territories spreads over more than 70 km.

The area of Makhachkala is 458.5 sq km and the population is about 465 ths people. The city is divided into three parts with adjacent village fringes: Leninsky (and Novy Kyakhulay village), Sovetsky (and Alburikent, Kyakhulay, Tarky) and Kirovsky (and. Leninkent village, Sulak, Shamkhal)

The city heat supply is provided from the following heat sources:

- JSC SGC TGC-8 - Makhachkalinskaya TPP;
- 30 boiler houses of Makhachkalateploenergo MUE.

Makhachkalinskaya TPP supplies the most volume of heat (98% of its output) with hot water satisfying 34% of city heating needs. The remaining heat is supplied by municipal boiler houses.

The key consumer of the produced heat is the Wholesale Reseller Consumer (WRC)– Makhachkalaenergo MUE which provides household consumers with heat through its heat networks.

Kaspiisk Town

The town is located on the western coast of the Caspian Sea on Primorskaya Lowlands between the sea and the foothill of the Big Caucasus in 14-16 km from Makhachkala city. The climate is transitional from marine to continental. The winter is mild. The population is about 79.8 ths people.

The city heat supply is provided from the Company Affiliate's heat source - Kaspiiskaya TPP. There are no other competing heat supplies in the town.

Kaspiiskaya TPP supplies heat as steam and hot water which constitutes 79% of the total heat supply by the plant satisfying practically 100% of the town heating needs.

The key consumer of the produced heat is the Wholesale Reseller Consumer (WRC)– Heat Networks MUE of Kaspiisk town (96% of the total heat supply) which provides household consumers with heat through its heat networks.

The share of industrial enterprises of various departments (including JSC Dagdiesel Plant) is 3%.

Rostov Region

In Rostov Region heat is supplied by two Company's Affiliates: Rostov City Generation (**Rostov-on-Don**) and Rostov Generation (**Volgodonsk town and Kamensk-Shakhtinsky town**).

Rostov City Generation Affiliate, Rostov-on-Don

The city is located on the right bank of the Don River in its downstream and divided into 8 administrative parts. It covers about 254 sq km. The population is about 1,058 ths people.

The city heat supply is provided from the following heat sources:

- JSC SGC TGC-8 - Rostov TPP-2;
- 5 district boiler houses (included in Rostovteploset);
- 200 boiler houses of Teplocommunenergo MUE;
- 6 boiler houses of JSC Kommunalshchik Dona;
- departmental boiler houses.

The centralized heat supply of Rostov-on-Don including from Affiliate's heat sources is targeted at the provision of housing and utility facilities with heat (large industrial enterprises have their own heat sources).

The Affiliate's heat sources share is about 65-67 % of the total city utility and household consumers.

The basic factor affecting the dynamics of heat supply (consumption) is actual weather conditions. But they affect more monthly and quarterly heat volumes.

Rostov Generation Affiliate, Volgodonsk Town

The town is located on the left bank of the Tsimlyansk Reservoir on the river Don in the proximity of Tsimlyanskaya HPP dam. The population is about 171.4 ths people.

The city heat supply is provided from the heat sources of Rostov Generation Company Affiliate - Volgodonskaya TPP-2 and Volgodonskaya TPP -1.

The key industrial consumers are chemical and machine-building enterprises as well as housing and utility sector. There are no other sources (including municipal) supplying town residents with heat and hot water. Currently the industrial share is about 2 % of the total heat supply.

Rostov Generation Affiliate, Kamensk-Shakhtinsky Town

The Company is represented in Kamensk-Shakhtinsky town by the heat source - Kamenskaya TPP which is located in the western part of the town in the centre of the industrial zone, 1.7 km to the south of the Seversky Donets River.

The key objective of the plant was maintenance of industrial heating loads (steam and hot water) of mostly defense enterprises.

The share of nonindustrial heating loads within the period of a stable operation of key consumers was less than 1%.

The key large heat consumers were FSUE Kamensk Chemical Integrated Plant and JSC Kamenskvolokno located near TPP.

Currently the equipment of Kamenskaya TPP fitted by backpressure heating steam turbines is in a standby status (since 2003). It was caused by the reduction and total stoppage of heat power consumption by key industrial consumers due to the decline in production.

TPP heat consumers in 1990-2002 were:

- FSUE Khimcombinat;
- JSC Kamenskvolokno (Artificial Fibre Plant);
- Winery and Distillery (VVZ);
- Building Materials Integrated Plant (KCM);
- residents of the neighbouring part of the town;
- Istok Enterprise.

Industrial enterprises under existing volumes of their production transferred to the heat supply of their own boiler houses (with DE-16/14, DE-25/14, and PVV-type boilers of a small capacity).

Loads of only housing and utility sector were of seasonal nature and didn't provide for a normal plant's operation.

The town heat supply (incl. household) is provided by 31 boilers of MUE Kamenskteploset through own network.

Currently the issue is considered relating to re-supplying heat to the factories and to heat network transfer (MUE Kamenskteploset) under lease (trust management) to the Company.

Stavropolsky Krai

Stavropol Generation Company Affiliate operates in **Stavropol city** only. The city is 800-1200 m high in northern foothills of the Big Caucasus and in the valleys of the Podkumka River distributaries and rises like platforms along the Range slopes. The climate is moderately continental. It is included in the group of spa towns of Caucasian Mineral Waters. The population is about 128.9 ths people.

The heat is supplied by Kislovodskaya TPP and 4 Affiliate's boiler houses as well as a range of municipal and departmental boiler houses.

Key consumers of heat power are sanatorium-and-spa institutions of Kislovodsk town (55 %) and JSC Teploset (30%) providing city residents with heat power. The industrial share (JSC Kislovodsky Milk Integrated Plant) is 1.5 %. Its boiler houses have a small capacity and are intended for serving separate (groups of) houses.

The Affiliate has not a united heat network involving all heat sources.

Krasnodarsky Krai

Kuban Generation Company Affiliate operates in **Krasnodar city** only (centre of Krasnodarsky Krai). The city is situated on Prikubanskaya Lowlands on the right bank of the Kuban River and is divided into 4 city boroughs. The population is about 715.4 ths people.

The city heat supply is provided from the following heat sources:

- JSC SGC TGC-8 - Krasnodarskaya TPP;
- ZAO Krasnodareconeft - TPP;
- JSC Maslozhircombinat - TPP;
- 2nd Krasnodarskaya HOD (Housing Operating Department)– TPP;
- JSC Krasnodarteploenergo -151 boiler houses;
- municipal and departmental boiler houses – 175 (including JSC Krasnodarteploenergo).

Krasnodarskaya TPP's share in the total city consumption is about 50 %.

Key consumers of heat produced by TPP are Wholesale Purchasers-Resellers (WPR) - JSC Krasnodarteploenergo, JSC Krasnodarteploset- 98 % of the heat produced by the Affiliate with hot water.

The current industrial share in TPP's total heat supply is 41-42 %.

The Affiliate has no own heat network in this local market.

JSC SGC TGC-8's Heat Sources' Share in the Local Markets

Local Market	Heat Sources	Heat Source's Share in the Local Market, %
Astrakhan Generation Affiliate		
Astrakhan city	JSC SGC TGC-8 with leased MUE Heat Networks, Astrakhan city	80
	Astrakhan UME Communenergo (Trusovsky District)	10
	Severnaya TPP	10
Volgograd Generation Affiliate		
Volgograd city, Volzhsky and Kamyshin towns	JSC «ЮГК ТГК-8»	53
	ZAO RES	34
	Other Sources	13
Dagestan Generation Affiliate		
Makhachkala city	JSC SGC TGC-8	34
	MUE Makhachkalateploenergo	66
Kaspiisk town	JSC SGC TGC-8	100
Rostov City Generation Affiliate		

Rostov-on-Don	JSC SGC TGC-8	67
	Other Sources	33
Rostov Generation Affiliate		
Volgodonsk town	JSC SGC TGC-8	100
Stavropol Generation Affiliate		
Kislovodsk town	JSC SGC TGC-8	32
	JSC Teploset	54
	Other Sources	14
Kuban Generation Affiliate		
Krasnodar city	JSC SGC TGC-8	50
	ZAO Krasnodarteploenergo	40
	JSC Krasnodarteploset	2
	Other Sources	8

Factors Affecting Heat Power Sale

Factor	Effect	Minimization Efforts
Generation equipment outages (including caused by insufficient fuel supply or equipment reliability)	Decrease in production volumes and heat supply; Prime cost growth; Penalty risks which arise for heat underdelivery	Duly and quality repairs campaign; Development of reserve fuel stock; Prevention of conflicts with fuel suppliers including caused by unduly payment for already consumed fuel.
Severe wear of generation and network equipment, decommissioning capacities	Decrease in reliability and quality of the heat supplied; Decrease in heat production volumes	Upgrades, reconstruction of existing and development of new capacities with increased total capacity
Nonpayment of heating bills, growing accounts receivable, i.e. consumers' bad financial discipline	Decrease in heat production volumes, (reduced income) due to the policy of restrictions promoted	Transfer to the direct contracts with consumers; Establishment (consolidation) of power sale divisions in affiliates; Execution of agreements with administrations containing guarantees of heat bills payment by municipal enterprises; Development of debt retirement schemes
Consumers' transfer to other heat sources (including own)	Decrease in heat production volumes, prime cost growth	Promotion of flexible pricing policy, personal customer approach regarding customer specifics
Inflexible redistribution of production loads caused by capacity reserves and consumption growth spaces imbalance	Loss of potential customers entailing loss of profit	Construction of links, reconstruction and upgrades of existing heat pipelines regarding consumption growth.
Growth of products tariffs	Decrease in heat production volumes caused by total or partial denial of Company's services by consumers	Decreased prime cost of The heat produced by the Company; Efficient interaction with regulatory authorities.

Increase in Generation facility land lease tariffs	Increased product (heat) tariff	Development and implementation of property efficient management system; Direct participation in land cadastre valuation;
No (ceased) investment to reconstruction of heat sources and heat pipelines	Decrease in heat production volumes; Customer loss risk	Prevention of unduly substitution of retired capacities; Search for reserve financial sources.

Electric Power

Electric power and capacity produced by JSC SGC TGC-8's plants are supplied to Wholesale Electricity (Capacity) Market (OREM). The number of counteragents under Power Supply, Receipt, Payment and Services Contracts in the regulated sector of the wholesale market (including deviation sector) within the period from 1st January 2006 to 31st August 2006 is 6:

JSC Astrakhan Power Sales Company,
JSC Dagestan Power Sales Company,
JSC Volgogradenergosbyt,
JSC Stavropolenergosbyt,
JSC Kuban Power Sales Company and
JSC Energosbyt Rostobenergo.

Since 1st September 2006 the new wholesale power and capacity market launched. According to regulated bilateral agreements in the New Wholesale Power Market the customers' structure includes:

- Power Sales Companies (including commercial PSCs) – 24 (67%).
- Industrial enterprises –WPM subjects – 12 (33%).

Month	Power Supply, mln kW*h		Revenue, mln RUR	
	Total	Incl. FMS/DAM	Total	Incl. FMS/DAM
July	868.205	147.140	681.758	87.349
August	874.728	152.544	695.552	93.816
September	934.065	117.074	782.503	71.554
Total III Quarter	2,676.998	416.758	2,159.813	252.719

3.2.6. Information about Issuer's Licenses

1. Heat Network Operation License

Number: ET-38-000068 (K)

Issued: 02.06.2005

Validity Term: –02.06.2010.

Issuing Authority: Federal Service for Ecological, Technological and Nuclear Supervision

3. License for Chemically Hazardous Production Facilities Operation

Number: EH-00-005883

Issued: 10.10.2005,

Validity Term: 10.10.2010.

Issuing Authority: Federal Service for Ecological, Technological and Nuclear Supervision.

3. License for Construction of Buildings and Facilities (as a Builder Customer)

Number: GS-3-34-02-27-0-3015068092-007192-1,

Issued: 05.12.2005,

Validity Term: 05.12.2010.

Issuing Authority: Federal Agency for Construction, Housing and Communal Services.

4. **License for Operation of Explosion Hazardous Production Facilities**

Number: EV-00-006517

Issued: 06.06.2006

Validity Term: 06.06.2011

Issuing Authority: Federal Service for Ecological, Technological and Nuclear Supervision.

5. **License for Operation of Fire Hazardous Production Facilities for Volgograd Generation Affiliate**

Number: 3/02344

Issued: 31.03.2006

Validity Term: 31.03.2011

Issuing Authority: Russian Federation Ministry of Civil Defense and Emergency Response

6. **License for Operation of Fire Hazardous Production Facilities for Kuban Generation Affiliate**

Number: 3/02964

Issued: 17.06.2006г.

Validity Term: до 17.06.2011г.

Issuing Authority: Russian Federation Ministry of Civil Defense and Emergency Response

3.2.7. Issuer's Joint Ventures

Due to the completion of restructuring JSC SGC TGC-8 in the form of the merger of Regional Generation Companies: JSC GC Volzhskaya, JSC Stavropol Heat Generation Company, JSC Astrakhan Regional Generation Company, JSC Dagestan Heat Generation Company and JSC RGC since 1st June 2006 the rights and obligations have transferred to JSC SGC TGC-8 under Act of Transfer and Acceptance and in compliance with the following Joint Venture Agreements:

- from **JSC Stavropol Heat Generation Company** under Agreement No. N/N dated 27.01.1998. The joint venture participants with the following shares in the common property include: JSC SGC TGC-8 (30.78%), OAO RAO UES of Russia (62.16%), OAO FPC Stroindustriya (0.36%), OAO Teplo (6.71%).

The financial output of JSC SGC TGC-8 under Joint Venture Agreement No. N/N dated 27.01.1998 within the 3rd quarter of 2006 amounted to **107, 382. 65 rubles** (loss).

- from **JSC GC Volzhskaya** under Partnership Agreement (related to joint consortium venture) No. 1-ur dated 01.01.2003. The joint venture participants with the following shares in the common property under this Agreement include: JSC GC Volzhskaya (50%), OAO Kaustik (38%), OAO Plastcard (12%).

The financial output of JSC SGC TGC-8 under Partnership Agreement (related to joint consortium venture) No. 1-ur dated 01.01.2003 within the 3rd quarter of 2006 amounted to **16, 330, 098. 79 rubles** (profit).

3.2.8. Additional Requirements Applicable to Issuers that are Joint Stock Investment Funds, or Insurance Companies

N/A

3.2.9. Additional Requirements Applicable to Issuers whose Key Activity is the Production of Minerals

N/A

3.2.10. Additional Requirements Applicable to Issuers Providing Communication Services

N/A

3.3. Issuer's Prospective Activities

Since 01st July 2005 JSC SGC TGC-8 has been providing electric power production, heat power production and distribution and other services of production and non-production nature in compliance with licenses and the Charter.

The new production or development of new product types is not projected by the Company in the nearest future. Key products will remain power and heat.

3.4. Issuer's Participation in Industrial, Banking and Financial Groups, Holding Companies, Concerns and Associations

Since 23rd December 2005 JSC SGC TGC-8 has become a participant of Nongovernmental Pension Fund of power sector through its investment to the consolidated contribution of founders. At the same time the Company is not a founder but it is willing to take part in the consolidated contribution of founders.

Company's Role in the Fund: acquisition of non-property fund governing rights and a number of votes for these rights implementation.

Goal of Participation: non-state pension provision of JSC SGC TGC-8's employees.

Term of Participation: unlimited (unless the Fund is liquidated).

3.5. Issuer's Subsidiary and Dependent Companies

Upon JSC SGC TGC-8 restructuring in the form of the merger of Regional Generation Companies в форме присоединения к нему региональных генерирующих компаний (JSC Astrakhan Regional Generation Company, JSC Stavropol Heat Generation Company, JSC GC Volzhskaya, JSC Dagestan Heat Generation Company and JSC RGC) their subsidiary and dependent Companies have transferred to the Company which has become their universal assignee:

1. Full Name: Open Joint Stock Company Astrakhanenergoremont

Abbreviated Name: JSC Astrakhanenergoremont

Location: 5, 3rd Volnaya str. Astrakhan, Russian Federation

Grounds for Recognizing the Company Subsidiary or Dependent in relation to the Issuer: Certificate of the Entry on Termination of Merged Legal Entity in the Uniform State Register of Legal Entities dated 01 June 2006 (State Registration Number 2063015047170)

Issuer's Participation Share in the Subsidiary or Dependents Company's Charter Capital: 100% of voting common shares

Fraction of Subsidiary Company's Common Shares owned by the Issuer: 100%

Subsidiary Company's Participation Share in the Issuer's Charter Capital: 0 %

Fraction of Issuer's Common Shares owned by the Subsidiary Company: 0%

Company's Key Activity: Repairs.

JSC Astrakhanenergoremont Board of Directors:

Chairman of the Board: Valery G.Khilko

Year of birth: 1957

Share in the Charter Capital of JSC Astrakhanenergoremont: N/A

Fraction of Common Shares of JSC Astrakhanenergoremont owned by this Person: N/A

Albert F. Bikmurzin

Year of birth: 1977

Share in the Charter Capital of JSC Astrakhanenergoremont: N/A

Fraction of Common Shares of JSC Astrakhanenergoremont owned by this Person: N/A

Elena O.Krasilnikova

Year of birth: 1972

Share in the Charter Capital of JSC Astrakhanenergoremont: N/A

Fraction of Common Shares of JSC Astrakhanenergoremont owned by this Person: N/A

Khvicha P. Kharchilava

Year of birth: 1972

Share in the Charter Capital of JSC Astrakhanenergoremont: N/A

Fraction of Common Shares of JSC Astrakhanenergoremont owned by this Person: N/A

Boris T. Shpakov

Year of birth: 1957

Share in the Charter Capital of JSC Astrakhanenergoremont: N/A

Fraction of Common Shares of JSC Astrakhanenergoremont owned by this Person: N/A

Within the 3rd quarter of 2006 in compliance with the Decision of the Board of Directors of Astrakhanenergoremont dated 28.07.2006 (Minutes 18) some changes have occurred: **Alexey K. Khlebtsov**, 1970 year of birth, has been appointed General Director of the Company.

Share in the Charter Capital of JSC Astrakhanenergoremont: N/A

Fraction of Common Shares of JSC Astrakhanenergoremont owned by this Person: N/A

2. Full Name: Open Joint Stock Company Volgogradenergосervice

Abbreviated Name: JSC Volgogradenergосervice

Location: 5 General Shumilov str. Volgograd, Russia

Ground for Recognizing the Company Subsidiary or Dependent in relation to the Issuer:

Certificate of the Entry on Termination of Merged Legal Entity in the Uniform State Register of Legal Entities dated 01 June 2006 (State Registration Number 2063015047236)

Issuer's Participation Share in the Subsidiary or Dependents Company's Charter Capital: 100% of voting common shares

Fraction of Subsidiary Company's Common Shares owned by the Issuer: 100%

Subsidiary Company's Participation Share in the Issuer's Charter Capital: 0 %

Fraction of Issuer's Common Shares owned by the Subsidiary Company: 0%

Company's Key Activities:

- Repairs;
- Construction;
- Export Operations;
- Cargo and Passenger Transportation;
- Service Activity.

In compliance with the Decision of the Management Board of JSC SGC TGC-8 performing the functions of the General Meeting of Shareholders of JSC Volgogradenergосervice dated 24.07.2006 (Minutes No.40/06), in the 3rd quarter of 2006 the Board of Directors composition has changed.

Volgogradenergосervice Board of Directors:

Chairman of the Board: Valery G. Khilko

Year of birth: 1957

Share in the Charter Capital of JSC Volgogradenergосervice: N/A

Fraction of Common Shares of JSC Volgogradenergосervice owned by this Person: N/A

Alexey A. Zotov

Year of birth: 1977

Share in the Charter Capital of JSC Volgogradenergосervice: N/A

Fraction of Common Shares of JSC Volgogradenergосervice owned by this Person: N/A

Maxim A. Yeremeev

Year of birth: 1974

Share in the Charter Capital of JSC Volgogradenergосervice: N/A

Fraction of Common Shares of JSC Volgogradenergосervice owned by this Person: N/A

Igor V. Stefanenko

Year of birth: 1962

Share in the Charter Capital of JSC Volgogradenergосervice: N/A

Fraction of Common Shares of JSC Volgogradenergосervice owned by this Person: N/A

Petr Z. Kuvakin

Year of birth: 1951

Share in the Charter Capital of JSC Volgogradenergосervice: N/A

Fraction of Common Shares of JSC Volgogradenergосervice owned by this Person: N/A

Alibek A. Tnalın

Year of birth: 1976

Share in the Charter Capital of JSC Volgogradenergосervice: N/A

Fraction of Common Shares of JSC Volgogradenergосervice owned by this Person: N/A

General Director – Andrey V. Natochev

Year of birth: 1969

Share in the Charter Capital of JSC Volgogradenergосervice: N/A

Fraction of Common Shares of JSC Volgogradenergосervice owned by this Person: N/A

3. Full Name: Open Joint Stock Company Experimental TPS

Abbreviated Name: JSC Experimental TPS

Location: Krasny Sulin, Rostov Region, Russian Federation

Ground for Recognizing the Company Subsidiary or Dependent in relation to the Issuer:
Certificate of the Entry on Termination of Merged Legal Entity in the Uniform State Register of Legal Entities dated 01 June 2006 (State Registration Number 2063015047258)

Issuer's Participation Share in the Subsidiary or Dependents Company's Charter Capital: 39.6%

Fraction of Subsidiary Company's Common Shares owned by the Issuer: 39.6%

Subsidiary Company's Participation Share in the Issuer's Charter Capital: 0 %

Fraction of Issuer's Common Shares owned by the Subsidiary Company: 0%

Company's Key Activity:

- Repairs.
- Heat and Power Production and Transmission
- Power Sale Services for Power Supply Organizations
- Construction of Buildings and Installations of I and II Levels of Responsibility in Compliance with State Standards.
- Cargo and Passenger Transportation

- Export Operations

JSC Experimental TPS Board of Directors:

Chairman of the Board: Dmitry A. Melnikov

Year of birth: 1975

Share in the Charter Capital of JSC Experimental TPS: N/A

Fraction of Common Shares of JSC Experimental TPS owned by this Person: N/A

Natalya V. Zaitseva

Year of birth: 1981

Share in the Charter Capital of JSC Experimental TPS: N/A

Fraction of Common Shares of JSC Experimental TPS owned by this Person: N/A

Stanislav V. Kakovkin

Year of birth: 1956

Share in the Charter Capital of JSC Experimental TPS: N/A

Fraction of Common Shares of JSC Experimental TPS owned by this Person: N/A

Yuriy B. Nekipelov

Year of birth: 1972

Share in the Charter Capital of JSC Experimental TPS: N/A

Fraction of Common Shares of JSC Experimental TPS owned by this Person: N/A

Yuriy M. Chokadze

Year of birth: 1958

Share in the Charter Capital of JSC Experimental TPS: N/A

Fraction of Common Shares of JSC Experimental TPS owned by this Person: N/A

Yuriy M. Chokadze, year of birth: 1958.

General Director: Stanislav V. Kakovkin

Year of birth: 1956

Share in the Charter Capital of JSC Experimental TPS: N/A

Fraction of Common Shares of JSC Experimental TPS owned by this Person: N/A

3.6. Composition, Structure and Value of the Issuer's Fixed Assets, Information on the Proposed Acquisition, Replacement and Retirement of Fixed Assets and about any Encumbrances of Fixed Assets

No encumbrances of fixed assets present.

3.6.1. Fixed Assets

The initial (replacement) cost of fixed assets as of 01.10.2006 amounts to 10,502,485 ths RUR .

The accrued depreciation as of 01.10.2006 amounts to 109,285 ths RUR.

The method of depreciation accrual is linear.

Fixed Assets Group:	Original Cost	Depreciation	Depreciable Value
Buildings	3,339,037	14,007	3,325,030
Facilities	2,586,470	18,262	2,568,208
Machinery and Equipment	2,383,947	53,890	2,330,057
Transport	22,041	1,306	20,735
Production and Household	29,019	1,730	27,289

Equipment			
Other Kinds of Fixed Assets	2,141,971	20,090	2,121,881
Total RUR:	10,502,485	109,285	10,393,200

For the 3rd quarter of 2006 fixed assets have not retired.

As of the 1st October 2006 in JSC SGC TGC-8:

- rented fixed assets cost (p. 910 of Rented Fixed Assets balance) amounted to 13,226,323 thousand rubles including under leasing 25,676 ths RUR.

- rented fixed assets cost (p. 992 of Rented Fixed Assets balance) amounted to 33,032 thousand rubles.

IV. Issuer's Financial and Business Performance

4.1. Issuer's Financial and Business Performance

4.1.1. Profit and Loss

The Table below shows the figures indicating the Company's profitability:

Item	Recommended Estimate Methodology	3 rd Quarter of 2006
Revenue, ths RUR	The Total Amount of Goods, Products, Works and Services Sale Proceeds	2,442,803.6
Gross Profit, ths RUR	Revenue – Prime Cost of Sold Goods, Products, Works and Services (Excluding Commercial And Management Costs)	-571,778.7
Net Profit (Unallocated Profit (Uncovered Loss)), ths RUR	Net Profit (Loss) of The Reporting Period	-497,087.7
Return on Equity, %	(Net Profit)/(Capital and Reserves – Target Financing and Proceeds + Income of Upcoming Periods – Own Shares Redeemed) x 100	-2.45
Return on Assets, %	(Net Profit)/(Assets Balance Cost) x 100	-1.73
Net Profit Rate, %	(Net Profit)/(Revenue) x100	X
Product (Sales) Profitability, %	(Sales Proceeds)/(Revenue) x 100	-23.41
Capital Turnover	(Revenue)/(Assets Balance Cost – Short-Term Liabilities)	0.93
Amount of Uncovered Loss as of the Reporting Date, ths RUR	Uncovered Loss of The Past Years + Uncovered Loss of The Reporting Year	1,148,964
Uncovered Loss as of the Reporting Date –Total Balance Ratio	(The Amount of Uncovered Loss as of The Reporting Date) /(Assets Balance Cost)	0.08

To estimate data given the methodology recommended by the Regulation on Disclosure of Information by Security Issuers approved by FSFM Resolution No. 05-5/pz-n dated March 16, 2005 was used.

In the 3rd quarter of 2006 the Company sustained losses in the amount of 497,088 ths RUR. At the same time products (works, services) sales proceeds amounted to 2,442,804 ths RUR. One of indicators featuring Company's business profitability is Return on Equity (ROE) which amounted to -2.45% in the 3rd quarter of 2006. The negative value of this indicator as well as Return on Assets and Product Profitability indicators values are associated with seasonal influence on Generation Companies' operations: no need to supply heat power in summer as well as required costs related to production capital funds repair according to capital and Interim Repair Schedules.

The estimate of Net Profit Rate indicator is incorrect due to the loss of company's operation in the 3rd quarter.

The capital Turnover amounted to 0.93 times in the 3rd quarter of 2006. The indicator determines the frequency of the production and turnover cycle yielding profit per period. The value of this indicator is not high, however, later on till the end of the year the positive dynamics of this indicator will be demonstrated.

4.1.2. Factors Affecting the Issuer's Proceeds of the Sale of Products, Works, Services and Issuer's Key Business Profit (Loss)

One of the instrumental factors for the amount of product sale revenue was setting power tariffs by FTS in 2006. Local authorities set heat tariffs.

As compared to the 1st and 2nd quarters of 2006 the factor affecting the amount of revenue appeared to be the decrease in production volumes in the 3rd quarter of 2006, particularly of heat power due to the sector specifics. There was no effect of political factors, currency exchange rates or inflation in the 3rd quarter observed compared to the previous period.

4.2. Issuer's Liquidity and Equity and Current Assets Adequacy

Issuer's Liquidity Indicators:

Indicator	As of 30.09.2006
Own Current Assets, RUR	-905,189
Fixed Assets Index	1.08
Current Liquidity Ratio	0.83
High Liquidity Ratio	0.56
Equity Autonomy Ratio	0.71

The value of the net working capital (reflecting difference between current assets, short-term accounts receivable, monetary funds, short-term financial investment and all short-term liabilities) demonstrates that within the analyzed period the Issuer has insufficient own current assets which is caused by the uncovered loss of the past years and of the current year as of the date of analysis. One of the most important analysis indicator is the current ratio (or the cover ratio) which shows if the Issue has enough current assets to liquidate its short-term obligations. In the 3rd quarter of 2006 the indicator equals 0.83 which demonstrates the Issuer's paying capacity is not high enough.

The Equity Ratio shows own assets share in the total volume of Company's resources. The optimal value of this ratio is estimated at the level of 0.5. The Issuer's actual Equity Ratio is 0.71 which demonstrates the Issuer's financial independence.

4.3. Amount and Structure of the Issuer's Equity and Current Assets

4.3.1. Amount and Structure of the Issuer's Equity and Current Assets

ths RUR

Item	3 rd quarter, 2006
Amount of the Charter Capital:	11,889,164
Total cost of Issuer's shares redeemed by the Issuer to repurchase (transfer)::	-
Shares redeemed by the Issuer to repurchase (transfer) – Issuer's outstanding stock (Charter Capital) ratio:	-
Operating Surplus:	186
Revaluation Surplus:	-
Margin between a market price (placing price) and nominal value of Company shares from the sale of shares at the price exceeding the nominal value:	-
Undistributed Net Profit:	(1,145,432)
Funds of Issuer's target financing including target actions costs and funds obtained from other organizations, individuals, budget sources, etc:	-
Other:	-
Equity Capital, Total:	10,743,918

The amount of the Issuer's Charter Capital is temporarily noncompliant with Issuer's foundation documents as of the end of reporting period. *

Current Assets of JSC SGC TGC-8, ths. RUR

Item	3 rd quarter, 2006
Current Assets, Total:	3,545,160
including:	
Stocks (accrued costs excluded)	1,050,337
Input VAT	66,225
Accounts Receivable	2,348,691
Short-Term Financial Assets	-
Cash Assets	31,354
Deferred Charges	48,553

4.3.2. Issuer's Financial Assets

Issuer's financial assets as of the end of the reporting period: 190, 692, 720 rubles including with respect to:

equity securities: 190, 692, 720 rubles

non-equity securities: 0

other financial investment: 0

Issuer's Financial Investments Constituting at least 10 percent of All its Financial Investments as of the End of the Reporting Period:

Equity securities:

Type of Securities: shares

1) Issuer's Full Corporate Name: Open Joint Stock Company Astrakhanenergoremont

Abbreviated Corporate Name: JSC Astrakhanenergoremont

Location: 5, 3rd Volnaya Str., Astrakhan, Russian Federation

Postal Address: 5, 3rd Volnaya Str., Astrakhan, Russian Federation 414009
State Registration Number of the Securities Issue: 1-01-33870-E
Date of State Registration of the Securities Issue: 18.03.2003
State Issuing Authority: Russia's FFMS RD in South Federal District
Number of Securities Owned by the Issuer: 43, 163, 100 (100%)
Total Nominal Value of Securities Owned by the Issuer: 43, 163, 100 rubles
Total Balance Value of Securities Owned by the Issuer: 43, 163, 100 rubles
Amount of Declared Dividends on Common Shares: N/A
Amount of Potential Loss: N/A
Data on Securities Devaluation Allowance: N/A

2) Issuer's Full Corporate Name: Open Joint Stock Company Volgogradenergосervice
Abbreviated Corporate Name: JSC Volgogradenergосervice
Location: 5 General Shumilov Str. Volgograd, Russia 400057
Postal Address: 5 General Shumilov Str. Volgograd, Russia 400057
State Registration Number of the Securities Issue: 1-01-33763-E
Date of State Registration of the Securities Issue: 10.10.2003
State Issuing Authority: Russia's FFMS RD in South Federal District
Number of Securities Owned by the Issuer: 83, 529, 620 (100%)
Total Nominal Value of Securities Owned by the Issuer: 83, 529, 620 rubles
Total Balance Value of Securities Owned by the Issuer: 83, 529, 620 rubles
Amount of Declared Dividends on Common Shares: N/A
Amount of Potential Loss: N/A
Data on Securities Devaluation Allowance: N/A

3) Issuer's Full Corporate Name: Open Joint Stock Company Experimental TPS
Abbreviated Corporate Name: JSC Experimental TPS
Location: 1, Centralnaya Str. Krasny Sulin, Rostov Region 346373, RF
Postal Address: 1, Centralnaya Str. Krasny Sulin, Rostov Region 346373, RF
State Registration Number of the Securities Issue: 1-01-33228-E
Date of State Registration of the Securities Issue: 01.08.2002
State Issuing Authority: Russia's FFMS RD in South Federal District
Number of Securities Owned by the Issuer: 640,000 (39.6%)
Total Nominal Value of Securities Owned by the Issuer: 64, 000, 000 rubles
Total Balance Value of Securities Owned by the Issuer: 64, 000, 000 rubles
Amount of Declared Dividends on Common Shares: N/A
Amount of Potential Loss: N/A
Data on Securities Devaluation Allowance: N/A

4.3.3. Issuer's Intangible Assets

Intangible Assets as of 30.09.2006

No.	Company	Works	Amount
1.	ZAO Komens	R&D Development of the Technology (Equipment) to Determine Thermal Translocation of Steam Turbines' Cylinders	54
2.	OOO Sputhik	R&D Development and Production of Automated System of Steam Turbines SERVO (ASD-Turbine)	55
	TOTAL:		109

4.4. Issuer's Research and Development, Licenses, Patents and Know-How Expenditure and Policy

Trademark licenses and invention patents costs as of 01.10.2006: none
R&D costs: none.

4.5. Analysis of Issuer's Key Business Trends

Over the past few years one of the power sector problems has been no incentives to reduce production costs of the sector enterprises resulted from the cost-based pricing policy. That entailed insufficient transparency of power companies and inadequate definition of required resources for enterprises maintenance and development. Tariffs restraint by regulatory bodies (power's prices were increasing slower than most of the other goods) at the background of blown production costs resulted in loss-making production of more than half of sector enterprises on a pre-reform stage.

All this caused the necessity of reforming the power sector which will enable it to essentially increase the amount of investment and stimulate power companies to the increase of transparency and efficiency of their operations and after all will increase the efficiency of Russian economy.

Goals and objectives of the reform were formulated in Basic Guidelines of Power Industry Reforming approved by the governmental resolution dated 11th July 2001 No. 526. Regarding subsequent modifications in the legal and regulatory base and reform development they were specified in RAO UESR's Strategy Concept for 2005-2008 «5+5».

Development of New Sector Subjects

RGC - Currently the registration of all 7 RGCs has been completed. In 2006 the completion of the development and transfer to the single share is planned to be completed through exchange in all RGCs.

TGC- Currently the registration of thirteen TGCs from 14 scheduled has been completed.

IDNC- Four Interregional Distribution Network Companies have been formed.

JSC FNC UES (Federal Network Company of the Unified Energy System) (IMNC (Interregional Main Network Company, MNC (Main Network Company))

In the case of implementation of Main Network Companies consolidation scheme UNEN (Unified national Energy Network) sites owned by MNC are supposed to be transferred to JSC FNC UES in 2006 with specified transfer tariff. The anticipated date of MNC and IMNC merger is the 2nd quarter of 2006.

Key Stages of Power (Capacity) Wholesale Market Reforming in 2005:

On 20th October 2005 the balancing power market was launched. Pursuant to RF Government Decree No. 620 dated 17.10.2005 mechanisms of competing pricing in the wholesale market deviation sector were introduced on the territory of both pricing zones (Urals – European part of Russia and Siberia).

The balancing power market replaced the wholesale market deviation sector.

The balancing market presumes the selection of "balancing" power supplies in the real mode. The selection is based on the minimization of delivery costs depending on suppliers' additional loading and/or unloading bids against the plan and implicates that "balancing" power free equilibrium prices should be formed for participants.

Reforming the Regulated Sector of the Power (Capacity) Wholesale Market in 2006:

In compliance with RF legislation since 1st January 2006 JSC SGC TGC-8 has become a fully legitimate subject of the power wholesale market. This enables us to sell power autonomously and conclude long-term bilateral agreements with large customers and retail suppliers.

Before the 1st January 2006 we had a single window model. The Territorial Generation Company No.8 used to sell power to the Sales Company in full volume according to the tariff approved by REC. The Sales Company in its turn used to conclude a package of agreements with the wholesale market infrastructure and with a network company and correspondingly power supply agreements with all retail consumers.

Each participant of the wholesale power market had set power tariffs for each plant and regional capacity tariffs. This enables the Company to optimize the planning and mode management process and to increase the efficiency of participation in the free market zone of the wholesale power market. Currently JSC SGC TGC-8 sells 85% of installed capacity and power at a fixed rate in the wholesale power market regulated sector and up to 15% of power – in the free market sector.

Pursuant to RAO UES of Russia's Decree No.52 dated 24.01.2006, since the 1st April a new wholesale power (capacity) market of the transition period has been launched. The new wholesale market will be based on regulated bilateral (direct) agreements. Regarding that the instant liberalization of the wholesale power market can result in considerable power price fluctuations affecting competitive ability of both power consumers and producers, it is proposed to hedge pricing risks of market participants through conversion of existing relations in the regulated sector of the wholesale market into a system of regulated bilateral agreements which will allow providing the gradual transfer to a totally competitive market and consider a different level of power prices growth risk for different consumer groups. These agreements should cover current regulated sector of the wholesale market. Volume deviations specified in the regulated bilateral agreements are to be sold within the framework of competing sector of the wholesale market.

The possibility of concluding long-term agreements with contractual terms of 3-5 years is planned to be given to suppliers ensuring power supplies to socially significant consumer categories (household) and large industrial (power-consuming) customers qualified according to criteria set forth by RF Government. The consumption of the remaining customers is provided by the ensuring suppliers or independent Sales Companies through 1-year bilateral agreements.

Essential conditions of regulated bilateral agreements (terms, pricing and volume procedures) will be specified by RF Government. Power volumes supplied under regulated bilateral agreements will be reducing gradually within a few years as the competitive sector will be developing based on the findings of demand/supply analysis and tariff policy.

For 9 months of 2006 all power sources included in JSC SGC TGC-8's configuration have produced 11,010.050 mln kWh with scheduled 10,631.975 mln kWh. Correspondingly, bus-bar power supply amounted to 10,053.531 mln kWh with scheduled 9,670.418 mln kWh. At the same time specific consumption of the standard fuel for power supply was 358.25 g/ kWh.

Collector heat supply amounted to 11,265.892ths Gcal with scheduled 10,553.595 ths Gcal, при At the same time specific consumption of the standard fuel for heat supply amounted to 148.53 kg/Gcal.

The functional strategy of JSC SGC TGC-8 related to the technical policy and repair works is targeted at the following goals:

- Increase in profits;
- Increase in the market share;
- Achievement of the leading positions in the sector;
- Addressing business and community needs in heat and electric power.

To achieve strategic goals above the following objectives are to be implemented:

- Enhancement of equipment reliability and technical and economic performance through the optimal development of repair programmes;
- Enhancement of the quality and uninterrupted heat and power supply;
- Implementation of upgrade projects using modern technologies;
- Implementation of production costs reduction programmes;
- Accomplishment of the leading technical and economic performance of the new equipment.

In compliance with projected power balance for 2004-2008 developed by JSC RAO UES in cooperation with Electric Power Research Institute of the Russian Academy of Sciences, JSC Energosetproject Institute and JSC Research Institute of Power Engineering Economics, the average annual increment rate of the sector will amount to 1.6%.

The indicated forecast is based on the actual power consumption rate of growth in 2003 (the anticipated growth rate is 103%), governmental forecasts of the economic development within forthcoming five years with annual 5.2-6.1 %% of GDP rate of growth and local forecasts accomplished by AO-Energo.

The power consumption forecast formed as a whole for the sector in 2004–2008 shows the transition from the moderate to the optimistic scenario of power consumption growth trend, specified in the Power Strategy of Russia (approved by the Decree of RF Government No.1234-r dated 28.08.2003).

Currently the methodology of maximally effective Company's participation in the tenders of WPM free market sector is being developed as well as a strategy of Company's participation in the balancing market is being specified.

The negative factor of JSC SGC TGC-8's operations in WPM within the period from 01st January 2006 to 31st August 2006 was FPC tariffs and balance underpayment.

In the 3rd quarter of 2006 required efforts to prepare the Company's participation in a new power and capacity wholesale market included:

- coordination of hourly-based type period Generation schedules ;
- coordination of counteragents allocation scheme under regulated agreements;
- provision for technology and information preparedness of the Company to operate in the market on 24 hour-ahead base and in the balancing market in terms of interaction with NP ATS and SO-CDD.

Since the 1st September 2006 JSC SGC TGC-8 has been closely involved in all NOREM (New Wholesale Power and Capacity Market) segments: RLTA (Regulated Long-Term Agreement), DAM (Day-Ahead Market) and BM (Balancing Market).

According to the analysis of the technical condition of the generation equipment, to improve the quality and uninterrupted heat and power supply of consumers, HPP and heat network equipment Reliability Enhancement Programme should be implemented. At the same time it should be noted that by 2010 13 turbines and 13 boilers are going to be removed due to the limit of the economic life. The forecast of the final decommissioning of outdated and subject to shut-down capacities is on a development stage.

The total predicted commissioning (replacement of removed capacities) within a five-year period (2005-2010) is under development.

The tentative forecast of power production (2005-2010) by Issuer's Generations:

Actual level in 2005– 11,664.5 mWh;

Projected level in 2006 – 14,932.5 mWh;

Projected level in 2010– 16,051 mWh.

One of the key Company's activities is prediction and sale of the heat power representing goods.

And these goods have their specifics:

- they should neither be stored nor accumulated;
 - they should be transported by special facilities – heat networks and steam pipes;
 - it is not economically viable to transport them at long distances;
 - they have no uniform structure and differ by coolant type (steam or water) and by parameters;
 - their quality or type constantly vary as irregular supplies (consumption) on a seasonal or time of the day basis, i.e. there is a dependence on the air temperature and primary water, consumers' technology process, etc.;
 - there is no possibility of the instant suspension (renewal) of supplies due to the accelerated response rate of the transmission system;
 - a special instrumentation stock (both producers' and each customer's) should be available for their accounting with its specific installation and maintenance requirements.
 - there aren't often technical conditions for disconnecting a separate consumer without violations (limitations) of other consumers' rights.

Heat production and distribution features affect the heat power consumption market which has its own specifics and development trends.

The development features of heat power local markets can be divided into the following groups:

- common for all local markets;
- common for the most local markets;
- relevant for separate or a few local markets.

The largest share in the productive supply of heat and electric power belongs to Volgograd Generation Affiliate whose aggregate supply with Astrakhan Generation and Rostov City Generation Affiliates amounts to **84.56 %**. The aggregate power supply share of Volgograd Generation, Astrakhan Generation, Rostov City Generation and Rostov Generation amounts to **98.95%**.

All Affiliates except for Stavropol and Dagestan Generations feature the sustainable growth of electric power productive supply.

The change in the consumption structure within 2003-2005 featured the drop in electric power supply to industrial consumers due to large consumers transfer to OREM (Wholesale Power and Capacity Market), increase in the role of Wholesale Reseller enterprisers and insignificant increase in agricultural consumers.

The power consumption increase is expected from small and medium-sized businesses, railway transport enterprises, non-industrial consumers and population.

Projected level of heat consumption in 2006 – 14,499.3 Gcal;

Projected level of heat consumption in 2010 – 16160,0 Gcal.

Expected increase within five years– 1,768.4 Gcal.

The productive supply of heat power has a downward trend caused by the decline in the industrial production and transfer of consumers to own heat sources.

The change in the consumption structure within 2003-2005 featured the drop in heat power supply to industrial consumers due to the installation of own heat sources, the general decline in the regional production, increase in the WRE share. The indicated reasons affected most the consumption structure of Astrakhan, Volgograd, Rostov (Volgodonsk town) and Dagestan Generations. The key reasons in Volgograd city include the competitive struggle for the local sale market.

The competitive participation in local heat markets in which JSC SGC TGC-8's operation is represented by its Affiliates varies depending on the number of competitive market players, form of ownership, heat power volumes and level of interaction with local authorities.

The competitive power market of JSC SGC TGC-8 is mostly represented by municipal unitary enterprises and features a small number of participants. In a number of territories there are no competition and real prerequisites for the growth of heat sales volumes.

The competitive market features a high level of business dependence on administrative resolutions of all-level governing bodies

JSC SGC TGC-8' competitive advantages include:

1. High level of competitors' heat assets wear and tear. The competitors' generation equipment is second-rate to the Company's equipment by its technical parameters and needs considerable investments into its maintenance, reconstruction and upgrade.

2. The JSC SGC TGC-8's personnel training and level of managerial decisions exceed those of key competitors in the local markets are more competitive comparing to municipal enterprises. Competitors' marketing activity is unsatisfactory, and there are no adequate and duly measures taken to debtors that would result in the growing accounts receivable.

3. Set organizational tariffs, as a rule, considerably exceed those established for Company's heat production facilities.

Heat market development specifics include:

1. Change in the consumption structure over the past years features the reduction of heat power useful supply due to the general decline in industrial production and consumers' transfer to own heat sources.

The indicated reasons had particularly strong impact on the consumption structure of Astrakhan, Volgograd, Rostov (Volgodonsk town) and Dagestan Generation.

2. Installed heat capacity reserve;

3. Sufficiently high technical level of power supply reliability;

4. Only territories (cities) have prospects of the development (growing) of Company's current presence heat assets.

Due to the prospects of local markets development based on the development rates of industry and housing construction 3 groups of local markets can be identified: growing, stable and stagnating.

Growing – Rostov-on-Don, Volgograd and Volzhsky.

Stable – Astrakhan, Makhachkala, Volgodonsk, Krasnodar and Kamyshin.

Stagnating – Kislovodsk and Kaspiisk.

5. The competitive heat market of JSC SGC TGC-8 is predominantly represented by municipal unitary enterprises and specified by a small number of participants. The aggregate share of heat power supply in Company's local markets amounts to about 60% and fluctuates subject to the level of competitors' presence, from 32 to 100%.

In local heat markets of Volgodonsk town (Rostov Generation Affiliate) and Kaspiisk town (Dagestan Generation Affiliate) there is practically no competition at all.

6. The competitive market features a high level of business dependence on administrative resolutions of all-level governing bodies.

It is specifically considerable in the markets of a large housing and communal load.

(Rostov-on-Don, Volgodonsk, Kislovodsk, Astrakhan and Kaspiisk)

7. A high wear rate of all participants' heat equipment (generation and transmission). The technical parameters of competitors' generation equipment are worse than those of the Company's and it needs a considerable investment to its maintenance, reconstruction and upgrade.

8. Availability of Wholesale Reseller Enterprise (Volgograd, Makhachkala, Kaspiisk and Krasnodar) and industrial mono-consumers (Volgograd and Volzhsky).

9. The heat power is supplied to the consumer from a particular TPP (boiler house) and they are not always connected by a common network; that separates service areas within the local heat market and prevents the efficient distribution of the load between sources.

10. The main volumes of heat power are produced by a combined cycle, so the change in heat supply considerably affects both heat and power production economics.

Company's Key Real Competitors

Company	Competitive Factors (Efficiency– High, Medium, Low)			Events and Factors Enhancing Issuer's Operation (Probability- High, Medium, Low)		
	Market Share %	Probability of Market Share Increase	Tariff	Market Share Increase	Projects and Agreements	Probability of Merger
MUE Teplocommunenergo, Rostov-on-Don	30.6	Medium	Low	Medium	Medium	Medium
UME Heat Network, Trusovsky District, Astrakhan city	10	Low	Low	High	High	High
JSC TOO Severnaya, Astrakhan city	10	Low	Medium	Low	Low	Low
ZAO Regional Power Service, Volgograd city	34	Low	Low	Medium	Low	Low
OOO Heat Network, Kislovodsk town	54.0	Low	Low	Low	Low	Low
MUE Makhachkalateploenergo, Makhachkala city	66.0	Low	Low	Medium	Low	Medium
ZAO Krasnodarteploenergo	40	Medium	Low	Medium	Low	Low

Key Trends of the Company Development in Heat Power Sales Sphere include:

1. Provision for the efficient sales management including by means of foundation, development and consolidation of own power sale Affiliates' divisions (Heat Power Sale Directorates).

2. Retention of the Company's customer base by means of:

- provision of competitive conditions compared to the customers transfer to competitors or based on own resources.
- development of the Company's Tariff Policy targeted at satisfying needs of all consumer groups.

- development and implementation of Target Regional Programmes of Customer Base Retention based on agreements with RF Subjects administrations and local governments related to the development of local heat markets as well as agreements with large heat power consumers, conclusion of direct Power Supply Contracts (services provision).

3. Increasing funds based on the enhancement of customers' payment discipline by means of:

- enhancement of contract relations. Development of rationale and requirements for change of terms or renegotiating power supply contracts and including grounds for limitations and cutoffs into contracts in case of payment violations. Transfer to direct contract relations with consumers. Optimization of cash flow distribution.

- legal support of payment discipline violation consequences. Presentation of claims to power consumers in case of delay in payment (debt reclamation on a pre-trial basis).

4. Acquisition under optimum conditions (including equity ownership) of municipal (departmental) heat assets (boiler houses, networks, etc.) in prospective areas (cities) of the Company's presence with a subsequent transfer of heating loads of municipal boiler houses (the latter are closed, transferred to Central Heating Station and abandoned) to TPP (economically viable boiler houses).

To attain established goals the Company has implemented activities to contract end power users bypassing intermediaries – resellers competing in the local heat power markets.

End User Contract Programme implementation enabled the Company to increase the Company's local market share up to 100 % in Volgodonsk town.

Astrakhan end users contracting enabled the Company to establish an additional control over 15 % of the city heat market.

The heat network equipment which has been rented since 01.01.2006 in Volzhsky and Kamyshin towns made the Company a practically sole operator of these local markets

The penalty tax estimate and collection methodology is being developed.

Funds collection options are being developed based on specific conditions and probability of an optimal decision-making.

V. Detailed Information about Members of Issuer's Management and Financial Control Bodies and Issuer's Employees Summary

5.1. Structure and Competence of the Issuer's Management Bodies

The executive bodies of the Company include:

- General Meeting of Shareholders
- Board of Directors
- Management Board and
- General Director

The General Meeting of Shareholders has the following powers:

1. introduction of amendments and alterations to the Charter or approval of its new version;
2. reorganization of the Company including the approval of consolidation (merger) contracts;
3. appointment of the Liquidation Commission in case of Company liquidation and an approval of interim and final liquidation balance sheets;
4. designation of a number, nominal value, category (type) of the declared shares and rights entitled by these shares;
5. increase in the Company Charter Capital through increasing the nominal value of shares or additional shares issue;

6. reduction of the Company Charter Capital through decreasing the nominal value of shares, acquisition of a portion of shares by the Company to reduce their total number as well as through retiring purchased or redeemed shares;
7. splitting and consolidating Company shares;
8. approval of the decision on the issue of convertible bonds and other convertible equity securities;
9. election of Board members and early termination of their powers;
10. election of the members of the Revision Commission and early termination of their powers;
11. approval of the Company Auditor;
12. approval of a decision on the delegation of power of the Company sole executive body to the managing organization (manager) and early termination of its (his) powers;
13. approval of the Company annual report, annual financial statements including profit and loss statements (profit and loss accounts) and profit distribution (including payment (declaration) of dividends excluding profits distributed as dividends based on the results of the first quarter, half-year and nine months of the fiscal year) and Company losses by the results of the fiscal year;
14. payment (declaration) of dividends based on the results of the first quarter, half-year and nine months of the fiscal year;
15. specifying establishing procedures for conducting the General Meeting of Shareholders ;
16. approval of transactions in cases specified by the Article 83 of the Federal Law on Joint Stock Companies;
17. approval of extraordinary transactions in cases specified by the Article 79 of the Federal Law on Joint Stock Companies;
18. approval of participation in holding companies, financial industrial groups, associations and other integrated commercial organizations;
19. approval of Company by-laws regulating its activities;
20. approval of the remuneration and (or) compensation for the members of the Company Revision Commission;
21. approval of the remuneration and (or) compensation for the Company Board members;
22. settlement of other issues specified by the Federal Law on Joint Stock Companies.

The Board of Directors of the Company exercises the general supervision over the Company business except for those issues within the authority of the General Meeting of Shareholders (Article 15 of the Charter).

The following issues fall within the authority of the Board of Directors:

1. determining the priority activities and strategy of the Company;
2. calling both an Annual and Extraordinary Company Shareholders' Meeting except for the cases specified in p. 14.8. Art. 14 of the Charter as well as the announcement of the reconvened General Shareholders' Meeting date instead of a cancelled one due to lack of a quorum;
3. approving the agenda of the General Meeting of Shareholders;
4. election of a Company Corporate Secretary and early termination of his powers;
5. determining a date for compiling the list of persons entitled to participate in the General Shareholders' Meeting, approving the General Shareholders' Meeting cost estimate, arrangement of other General Shareholders' Meeting preparation and conducting issues;
6. submitting proposals to the agenda of the General Meeting Shareholders for items specified in subparagraphs 2, 5, 7, 8, 12-21 p. 10.2., Article 10 hereof;
7. placement of bonds and other equity securities except for the cases specified in the Federal Law on Joint Stock Companies and herein;
8. approving a decision on the issuance of equity securities, Securities Prospectus and Equity Securities Issuance Report, reports on shares acquisition and buyback from Company shareholders;
9. determining the price (market value) of assets, the placement price and the redemption price of

- equity securities in cases specified in the Federal Law on Joint Stock Companies as well as under the settlement of issues specified in subparagraphs 10, 11, 27, 28, 36, 37, p. 15.1., Art. 15 hereof;
10. acquisition of the outstanding shares, bonds and other equity securities in cases specified in the Federal Law on Joint Stock Companies;
 11. alienation (sale) of acquired or repurchased from shareholders Company shares as well as in other cases stipulated in the Federal Law on Joint Stock Companies;
 12. election of a Company General Director and early termination of his powers including pre-term cancellation of his Employment Agreement;
 13. designating the Company Board of Directors composition, election of Board members, early termination of their powers including pre-term cancellation of their Employment Agreements;
 14. designating the terms of contracts (including the terms of powers and remunerations and compensations) with the General Director, Board members, Managerial organization(manager)and these contracts alteration;
 15. recommendations for the General Shareholders' Meeting regarding remunerations and compensations awarded to Revision Commission members and evaluation of the Auditor's services;
 16. recommendations for the amount of dividends and payment procedures, adoption of the dividend policy provision;
 17. approving the Company by-laws and internal documents specifying the procedure of forming and using Company funds;
 18. approving the use of the Company funds; approving cost estimates of special-purpose funds and reviewing estimated totals of special-purpose funds;
 19. approving the Company internal documents, except for those documents within the authority of the General Meeting of Shareholders as well as other internal documents whose approval falls within the authority of the Company executive bodies;
 20. determination of the Company procurement policy including the approval of the Provision on regulated goods, works and services procurement procedures, appointment of the Head of Company Central Procurement department and its members as well as the approval of the annual procurement policy and adoption of other decisions regulating the Company procurement activities;
 21. adoption of Company business planning standards;
 22. approving the Company business plan (revised version) including technical reequipment, reconstruction and development programme, investment programme and their implementation report, approving (revision) of the list and values of Company cash flow benchmarks as well as Company Board review of adjusted Company cash flow;
 23. approving the target values (adjusted values) of Company key performance indicators (KPI) and reports on their accomplishment;
 24. establishing and liquidating Company affiliates and representative offices with making corresponding amendments in the Company Charter with respect to the establishing Company affiliates and representative offices (including amending the names and locations of affiliates and representative offices) and their liquidating; approving provisions on affiliates and representative offices;
 25. preliminary approval of property, operations and/or services transactions (including a group of related transactions) whose cost (valuation) amounts to more than 2 percent of the Company book value specified in its balance sheet as of the latest reporting date (unless the Board of Directors specified some other percent or transaction price) except for Company routine transactions related to the Company common stock placement through subscription (sale) and convertible equity securities placement transactions regarding items 26-37 p.15.1. hereof;
 26. preliminary approval of transactions related to the Company immovable property including lands as well as construction-in-progress sites in cases specified by separate decisions of the Company Board of Directors (e.g. determination of the number and/or list) as well as any above stated immovable property transactions approval including lands and construction-in-progress sites if such cases (number , list) are not specified;
 27. preliminary approval of decisions related to Company transactions (including a group of related transactions) with respect to the acquisition by lease of fixed or intangible assets, construction-in-

progress industrial sites, electric and (or) heating power supplies, distribution and (or) sale, operating and technical (dispatching) control services in electric power industry including amending and termination of above-stated transactions in cases stipulated by separate Board decisions (e.g. . determination of the number and/or list) as well as any above stated transactions approval if such cases (number , list) are not specified;

28. preliminary approval of decisions related to Company transactions (including a group of related transactions) with respect to the acquisition by lease of fixed or intangible assets, construction-in-progress industrial sites, electric and (or) heating power supplies, distribution and (or) sale, operating and technical (dispatching) control services in electric power industry including amending and termination of above-stated transactions in cases stipulated by separate Board decisions (e.g. . determination of the number and/or list) as well as any above stated transactions approval if such cases (number , list) are not specified;

29. preliminary approval of transactions related to the transfer of shares of Subsidiary and Dependent Companies under the trust management as well as transactions based on the Company bonds or bills rights and/or liabilities (including bonds acquisition, sale or transfer; bill acquisition, acceptance, its indorsing and avalizing, its mediation-based acceptance as well as settlement in cases stipulated by separate Board decisions (e.g. determination of the number and/or list) as well as any above stated transactions approval if such cases (number , list) are not specified (with regard to Provisions of subparagraph 32 p.15.1. Cl.15 of the present Charter);

30. preliminary approval of transactions (including a group of related transactions) with respect to the extended or delayed (more than 3-month overdue) discharge of civil liabilities by the Company or compensation and novation agreements execution as well as cession of rights (demands) or obligation transfer. Above-stated transactions shall be subject to approval if the scope of obligations amounts to more than 2 percent of the book value of Company assets specified in its books and records as of the last reporting date (unless the Board of Directors specified some other percent or transaction price);

31. preliminary approval of transactions based on the transfer of Company property or property rights (demands) to itself or to the third party without compensation; transactions based on the property liability exemption with respect to itself or the third party; transactions based on non-repayable services rendering (work performance) in favour of the third parties in cases (at the rate), determined by special decisions of the Company Board of Directors and adoption of Company resolutions for these transactions settlement if above-stated cases (rates) are unspecified;

32. development of a Company credit policy with respect to loans issue, credit and loan agreements, guarantee issues, assumption of liabilities on bills (issue of a common bill and a bill of exchange), property pledge agreements and adoption of decisions for these transactions settlement in cases when a decision-making procedure is not specified by the Company credit policy and decisions to determine compliance of the Company's debt position with limits specified by the Company's credit policy;

33. preliminary approval of transactions which could result in foreign currency-based obligations (or obligations whose amount is pegged to the foreign currency) in cases and at the rate determined by special Company Board of Directors' decisions and if indicated cases (rates) are unspecified by the Company Board of Directors;

34. approval of extraordinary transactions specified in Ch. X of the Federal Law on Joint Stock Companies;

35. approval of transactions specified in Ch. XI of the Federal Law on Joint Stock Companies;

36. approval of a decision on the Company participation in other organizations (the existing organization entry or foundation of a new organization including Articles of Association coordination as well as (regarding Provisions of item 37 p. 15.1. Art. 15 hereof) on shares acquisition, alienation and charge, Company participation share in the Charter capital of other organizations, change in Company share of participation or termination of Company participation in other organizations;

37. approving the Company settlement of one or a group of related alienation, pledge or other share charge transactions and share of SDC not involved in electric and heating power production, supply, dispatching, distribution or sale if the value of market stock or shares being the transaction subject

and determined by the independent Appraiser exceeds 30 mln rubles as well as in other cases (other rates) specified by separate decisions of the Company Board of Directors;

38. nomination of candidates to be elected as a sole Executive Body, other bodies, control authorities as well as for the Auditor position in organizations which the Company participates in;

39. appointment of the Company Registrar, approval and termination of his employment agreement;

40. election of the Chairman of the Board and early termination of his powers;

41. election of the Vice Chairman of the Board and early termination of his powers;

42. approval of a decision on the suspension of powers of the managing organization manager;

43. approval of a decision on the appointment of the Company Acting General Director in the event specified in p.p. 21.8., 21.9. Art. 21 hereof;

44. imposing a disciplinary liability on the General Director and Board members or their remuneration pursuant to RF Labour legislation;

45. reviewing the General Director's reports on the Company activity (including the performance of his duties) on the implementing decisions of the General Shareholders' Meeting, Board of Directors and Management Board of the Company;

46. approving the procedure of the Company communicating with organizations the Company participates in;

47. specifying the Company (Company representatives') approach relating to the following General Shareholders' (participants') Meeting agenda items (except for the cases when the functions of General Shareholders' (participants') Meeting of Subsidiary and Dependent Companies (hereinafter referred to as SDC) are performed by the Company Board of Directors and SDC Council including instruction of voting or nonvoting participation, voting "for", "against" or abstain from voting on agenda items:

a) determination of SDC General Shareholders' (participants') Meeting agenda items;

b) SDC restructuring and liquidation;

c) determination of the SDC Board of Directors appropriate size, nomination and election of its members and early termination of their powers;

d) determination of a number, nominal value, category (type) of the authorized shares and rights attached to these shares;

e) Company Charter capital increase based on increased share nominal value or extra shares placement;

f) SDC convertible equity securities placement;

g) Company shares split and reverse split;

h) approval of SDC extraordinary transactions;

i) SDC participation in other organizations (the existing organization entry or foundation of a new organization), as well as SDC stock and other organizations Charter capital shares acquisition, alienation and charge, change in the share of participation in other organization's Charter capital;

j) SDC transactions settlement (including a group of related transactions) associated with assignment of property (or this possibility) constituting fixed or intangible assets, construction-in-progress industrial sites, electric and (or) heating power supply, dispatching and distribution in cases (at a rate) specified by the procedure of the Company interaction with organizations the Company participate in, approved by the Company Board of Directors;

k) Introduction of amendments or modifications in SDCs' Articles of Association;

l) specifying SDCs' Board and Revision Commission members' remuneration scheme;

m) approving SDCs' target values of key performance indicators (adjusted target values of key performance indicators) and the report on accomplishment of scheduled values of annual and quarterly key performance indicators;

n) approving SDCs' business plan (adjusted business plan) and approving (reviewing) the report on the development of SDCs' business plan;

o) approving and distributing profits and losses upon the results of SDC's financial year;

p) recommendations on the amount of dividends on SDCs' shares and their payment procedure;

- q) payment (declaration) of dividends by the results of the 1st quarter, half-year and nine months of the financial year as well as by the results of SDCs' financial year;
- r) approving (adjusting) SDCs' Investment Programme and approving (reviewing) the report on implementation of SDCs' Investment Programme;
- s) approving the Regulation on SDC Insurance as well as approving SDCs' insurers (approving the results of SDC's insurers selection) and the insurance broker selecting SDCs' insurers;
- t) approving SDC's Insurance Programme and amendments of SDC's Insurance Programme as well as reviewing the Insurance Report of SDCs' executive body;

The execution of the day-to-day operations of the Company shall be conducted by the sole executive body – the General Director and the plural executive body – Management Board (Articles 21-23 of the Charter).

The following issues fall within the authority of the Management Board (Article 22 of the Charter).

1. development and submission for the Board of Directors consideration long-term plans for implementation of the Company priority areas of activity;
2. development of a business plan (revised business plan), investment programme and their implementation report as well as approval and adjustment of cash flow in compliance with the list and values of Company cash flow benchmarks approved by the Board of Directors (to be forwarded to the Board of Directors on a mandatory basis);
3. design of the Company technical reequipment, reconstruction and development programme;
4. approval of the Company quarterly and monthly financial plans as well as their progress reports;
5. development of the Company annual procurement programme, approval of the Company quarterly procurement programmes within the annual programme framework as well as annual and quarterly procurement reporting;
6. preparation of the Company financial and economic report and report on the implementation of the General Meeting of Shareholders' and Board of Directors' decisions by the Management Board;
7. approving decisions for Company transactions (including a group of related transactions) with property, works and/or services the value of which exceeds 1 percent of the book value of the Company assets according to the balance sheet prepared for the latest reporting date except for those transactions within the reference of the Board of Directors pursuant hereof;
8. approval of decisions for Company transactions (including a group of related transactions) with respect to the extended or delayed (more than 3-month overdue) discharge of civil liabilities by the Company or compensation and novation agreements execution as well as cession of rights (demands) or obligation transfer. Above-stated transactions are to be approved if the scope of obligations exceeds 1 percent of the book value of Company assets according to the balance sheet prepared for the latest reporting date (if the decision on the approval of indicated transactions is outside the reference of the Board of Directors pursuant hereto);
9. settlement of claims brought to the court, conciliation agreement conclusion by the indicated claims and withdrawal of claims to the amount of more than 1 percent of the book value of Company assets according to the balance sheet prepared for the latest reporting date;
10. preliminary consideration and provision of the Company Board of Directors with recommendations for issues to be reviewed by the Board of Directors according to the procedure pursuant to the Company by-law regulating the Management Board actions;
11. approval of training and upgrading programmes for Company employees;
12. approval of a decision on the appointment of Company affiliates' and/or representative offices' management;
13. provision of Company employees with social benefits and guarantees;
14. settlement of issues within the authority of superior bodies of economic companies, 100 (one hundred) percent of Charter Capital or all voting shares owned by the Company (taking into account subparagraph 47, p. 15.1. of the Charter);

15. consideration of the reports of Company Deputy General Directors and Structural subdivisions' management on the accomplishment of approved plans, programmes and instructions as well as documents and information about Company and its Subsidiary and Dependent Companies' activity;
16. settlement of other issues related to the management of day-to-day Company activities pursuant to decisions of the General Meeting of Shareholders' and Board of Directors' decisions as well as issues submitted to the Management Board consideration by the General Director.

All the issues related to the management of the day-to-day Company operations shall **fall within the authority of the General Director** except for the issues falling within the authority of the General Meeting of Shareholders, Board of Directors and Management Board.

The General Director of the Company shall act on behalf of the Company without a power of attorney, with account of restrictions specified by the current legislation, this Charter and Board decisions:

1. promote the implementation of the Company action plans for its objectives accomplishment;
2. organize the keeping of accounting records of the Company;
3. use and dispose of the Company's assets, enter into transactions on behalf of the Company, issue powers of attorney and open accounts in banks and other credit organizations (as well as in organizations - professional security market players as prescribed by the Law), current and other accounts of the Company;
4. issue orders, approve (adopt) instructions, local regulatory acts and other internal documents of the Company within the scope of his authority and give directions binding for all Company employees;
5. approve staffing structures and employees' payment rates in compliance with the general Executive bodies structure of the Company;
6. with respect to Company employees exercise the rights and obligations of the employer stipulated by the Labour Law;
7. perform the functions of the Chairman of the Board;
8. distribute functions among Deputy General Directors;
9. submit for the consideration of the Board financial and economic reports of Subsidiary and Dependent Companies whose shares are owned by the Company as well as information about other organizations the Company participates in;
10. not later than 45 (forty five) days prior to the Annual General Meeting of Shareholders submit the annual report, annual financial statements, profit and loss accounts and profit and loss distribution for the consideration of the Board;
11. settle other issues of the day-to-day Company operations except for the issues falling within the authority of the General Meeting of Shareholders, Board of Directors and Management Board.

Data on Issuer's Corporate Code of Conduct: Corporate Governance Code (Conduct) has not been approved.

Data on amendments introduced to the Issuer's Charter as well as to by-laws regulating Issuer's bodies within the reporting period: no changes within the reporting period

The full text of the applicable version of Issuer's Charter and by-laws regulating Issuer's bodies is posted on the web page:

<http://www.tgk-8.ru/index.php?id=13&lang=en>

5.2. Information about the Members of the Issuer's Management Bodies

Issuer's Board Members:

Chairman of the Board is Dmitry A.Melnikov

Andrey V. Gabov

Year of birth: 1973

Education: higher professional

In 1995 graduated from Syktyvkar State University, Law Department.

Advanced Professional Training:

- North-Western Academy of Public Administration (1997-2000), qualification – State and Municipal Administration;

- All-Russian Foreign Trade Academy (2000-2002), qualification – World Economics.

In 1999 got PhD degree in Institute of Legislation and Comparative Law of the RF Government.

Last 5-year period positions:

Period: 23.05 2006 – present

Organization: JSC B.Vedeneev VNIIG

Position: Chairman of the Board

Period: 03.04.2006 - present

Organization: OOO Depository Corporate Technologies

Position: Chairman of the Board

Period: 2006- present

Organization: JSC Zelenchukskiye HPP

Position: Chairman of the Board

Period: 26.05.2006 - present

Organization: JSC AEK Komienergo

Position: Chairman of the Board

Period: 09.06.2006 - present

Organization: JSC Permenergo

Position: Chairman of the Board

Period: 1.06.2006 - present

Organization: JSC Pskovenergo

Position: Deputy Chairman of the Board

Period: 16.06.2006 - present

Organization: JSC Tverelectrosetremont

Position: Chairman of the Board

Period: 20.06.2006 - present

Organization: JSC OGC-3

Position: Chairman of the Board

Period: 01.06.2006 - present

Organization: JSC Vladimirenergo

Position: Chairman of the Board

Period: 2006 - present

Organization: JSC FSK UES

Position: Revision Commission Member

Period: 08.07.2005 - present

Organization: NP Interregional Self-Regulatory Organization of Professional Arbitration Managers

Position: Member of Partnership Council

Period: 2005- present

Organization: OAO RAO UES of Russia

Position: Head of the Corporate Governance and Shareholder Relations of the Corporate Centre

Period: 2004-2005

Organization: OAO RAO UES of Russia

Position: Head of the Corporate Governance of the Corporate Centre

Period: 2000-2004

Organization: OAO RAO UES of Russia

Position: Head of the Corporate Policy Department

Period: 1999-2000

Organization: OAO RAO UES of Russia

Position: Deputy Head of the Corporate Policy Department

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Victor S. Gvozdev

Year of birth: 1963

Education: higher

In 1985 graduated from Novocherkassk Polytechnical University.

Advanced Professional Training:

- Economic Academy of RF Government, 1998-1999, Euro-Management training course ("How to Manage People in the Market Economic Environment"),

- Academy of RF Government, 2002-2003, Company Development Management professional re-training Programme with Management qualification

PhD Engineering.

Last 5-year period positions:

Period: 2006- present

Organization: JSC Energosbyt Rostovenergo

Position: Board Member

Period: 2006- present

Organization: JSC Kuban Generation Company

Position: General Director, Board Member

Period: 2006- present

Organization: JSC Volgogradenergosbyt

Position: Board Member

Period: 2006- present

Organization: ZAO RES

Position: Chairman of the Board

Period: 2005- present

Organization: JSC SGC TGC-8

Position: General Director

Period: 2003 – 2005

Organization: JSC Nevinomysskaya HPP

Position: General Director

Period: 1999-2003

Organization: Novocherkasskaya HPP

Position: First Deputy Chief Engineer

Period: 1996-1999

Organization: Novocherkasskaya HPP

Position: Boiler Repair Plant Manager

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Dmitriy A. Melnikov

Year of birth: 1975

Education: higher

Graduated from Omsk State University, Law Department with a lawyer qualification

Last 5-year period positions:

Period: 2006 – present

Organization: JSC TGC-9

Position: Board Member

Period: 2006 – present

Organization: JSC Central Electric Power Network

Position: Board Member

Period: 2006 – present

Organization: JSC Pauzhetskaya GeoPP

Position: Board Member

Period: 2006 – present

Organization: JSC Kamchatka South Electric Power Network

Position: Board Member

Period: 2006 – present

Organization: JSC Energosbyt Rostovenergo

Position: Chairman of the Board

Period: 2006 – present

Organization: JSC Volgogradenergobyt

Position: Chairman of the Board

Period: 2006 – present

Organization: JSC Stavropolenergobyt

Position: Chairman of the Board

Period: 2006 – present

Organization: JSC Experimental TPP

Position: Chairman of the Board

Period: 2006 – present

Organization: JSC Kubanenergo

Position: Board Member

Period: 2006 – present

Organization: JSC Permenergosbyt

Position: Board Member

Period: 2006 – present

Organization: JSC Komienergo

Position: Board Member

Period: 2006 – present

Organization: JSC Mosenergobyt

Position: Board Member

Period: 2002 – present

Organization: BU 1, OAO RAO UES of Russia

Position: Executive Director

Period: 2002 – 2002

Organization: ZAO Topkhim

Position: Deputy General Director

Period: 2001-2002

Organization: JSC Siberian-Ural Oil and Gas Chemistry Company

Position: Senior Specialist of Property Protection Division of the Department for Financial Recovery and Property Protection, Deputy Head of Bankruptcy Proceedings Department of the Administration of Property

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Valeriy V. Nepsha

Year of birth: 1976

Education: higher

1997 - International Marketing and Management Academy, specialty- Economics, Finance and Credit; qualification: - economist, financial expert;

1999 - Higher School of Economics State University, specialty - State and Municipal Finance;

2000 - Higher School of Economics State University – post-graduate course Economics and Management of the National Economy.

Post-Graduate Professional Education:

2003 – Higher School of Privatization and Entrepreneurship, Enhancement of Subsidiary Joint Stock Companies' Assets and State Shareholding Management Programme;

2004 - Higher School of Economics, Tax and Taxation Course.

Last 5-year period positions:

Period: 2006-present

Organization: JSC Vologdaenergo

Position: Board Member

Period: 2006-present

Organization: JSC Kurskenergo

Position: Board Member

Period: 2006-present

Organization: JSC OGC-1

Position: Board Member

Period: 2006-present

Organization: JSC OGC-4

Position: Board Member

Period: 2006-present

Organization: JSC OGC-5

Position: Board Member

Period: 2006-present

Organization: JSC OGC-6

Position: Board Member

Period: 2006-present

Organization: JSC TGC-2

Position: Board Member

Period: 2006-present

Organization: JSC TGC-5

Position: Board Member

Period: 2006-present
Organization: JSC Rostovenergo
Position: Board Member

Period: 2003-present
Organization: Professional Directors Institution Fund
Position: Deputy General Director

Period: 1999 – 2003
Organization: OAO RAO UES of Russia
Position: Senior, Chief Specialist of the Department of Corporate Policy.

Issuer's Charter Capital Share: none
Fraction of Issuer's Common Shares Owned by This Person: none
Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none
Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Alexander Y. Nickulov

Year of birth: 1967
Education: higher

In 1989 graduated from Serpukhov Higher Command Engineering School.

Advanced Professional Training:
In 1992 graduated from the Central Institute for Advanced Training of Management and Patent Economic Specialists.

Last 5-year period positions:

Period: 2006 –present
Organization: ZAO Promregion Holding
Position: General Director

Period: 2006 –present
Organization: JSC Interregional Centre and North Caucasus Distribution Network Company
Position: Board Member

Period: 2004 –2005
Organization: JSC LUKOIL
Position: 2005 Deputy Head of OAO LUKOIL Investment Analysis & Investor Relations Department of the Main Division of Strategic Planning and Investment Analysis

Period: 2003 –2004
Organization: OOO Sibirsky Capital
Position: General Director

Period: 2001-2003
Organization: OOO DINK-Invest
Position: General Director

Period: 1999-2001
Organization: OOO Rusatomcapital
Position: Inspector

Issuer's Charter Capital Share: none
Fraction of Issuer's Common Shares Owned by This Person: none
Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none
Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Dmitriy G. Solodyankin

Year of birth: 1967
Education: higher
In 1992 graduated from Moscow State University, qualification: physicist
Advanced Professional Training
Higher School of Privatization and Entrepreneurship, qualification: manager

Last 5-year period positions:

Period: 2006 - present
Organization: JSC Astrakhanenergo
Position: Board Member

Period: 2006 - present
Organization: JSC Dagestan Power Sales Company
Position: Board Member

Period: 2006 - present
Organization: JSC Stavropolenergosbyt
Position: Board Member

Period: 2005 - present
Organization: JSC SGC TGC-8
Position: Deputy General Director for Strategy and Development

Period: 2004–2005
Organization: ZAO Promregion Holding
Position: Head of the Corporate Law Department

Period: 2002–2004
Organization: JSC LUKOIL
Position: Head of the Corporate Governance Sector of Stock Exchange Transactions Department of the Main Division for Strategic Development and Investment Analysis

Period: 2002–2002
Organization: RF Ministry of Energy
Position: Head of the Investment Policy Department

Period: 2002–2002
Organization: RF Federal Power Commission

Position: RF 1st Class Advisor, Deputy Head of Regional Policy and Investment Programmes Department

Period: 2000 - 2002

Organization: Russia's Federal Commission for the Securities Market

Position: Head of the Department for Regulation of Activities of Professional Market Participants, Deputy Head of the Department

Period: 1998 - 2000

Organization: Moscow Regional Department of Russia's Federal Commission for the Securities Market

Position: RF 1st Class Advisor, Head of Control Department, RF 3rd Class Advisor, Deputy Head of the Department, Senior Specialist.

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Oleg V. Solomentsev

Year of birth: 1962

Education: higher

Moscow State Institute of Hydromelioration, mechanical engineer, 1985;

School of Financial Management, Academy of National Economy under the Government of the Russian Federation, financial manager, 1997;

Moscow Institute of Economics, Management and Law, lawyer, 2000;

Open University Business School, Great Britain, Professional Certificate in Management, 2002.

Last 5-year period positions:

Period: 2006- present

Organization: JSC Teleportal.Ru

Position: Board Member

Period: 2006- present

Organization: JSC Ros T.S.

Position: Board Member

Period: 2006- present

Organization: JSC Izvestia Editorial Staff

Position: Board Member

Period: 2006- present

Organization: JSC NFPR&R

Position: Board Member

Period: 2006- present

Organization: JSC SGC TGC-8

Position: Board Member

Period: 2006- present

Organization: ZAO Promregionholding

Position: Board Member

Period: 2006- present

Organization: ZAO Russian Media Group

Position: Board Member

Period: 2002- present

Organization: ZAO UK Management-Centre

Position: Head of Corporate Relations Department

Period: 2000-2002

Organization: JSC Autotor-Holding

Position: Director of Property Department

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's

Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person:
none

**Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person
upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights:** none

**Kinship with Other Members of Issuer's Management and/or Financial and Business
Supervising Bodies:** none

Alibek A. Tnalin

Year of birth: 1976

Education: higher

In 1998 graduated from Moscow State University of International Relations, International Economic Relations qualification.

Last 5-year period positions:

Period: 2006-present

Organization: JSC SGC TGC-8

Position: Board Member

Period: 2006-present

Organization: JSC Astrakhan Power Sales Company

Position: Board Member

Period: 2006-present

Organization: JSC Astrakhan Main Networks

Position: Board Member

Period: 2006-present

Organization: JSC Volgograd Main Networks

Position: Board Member

Period: 2005-2006
Organization: JSC Volgogradenergосervice
Position: Board Member

Period: 2005-present
Organization: ZAO Promregion Holding
Position: Head of Financial and Analytic Department

Period: 2004-2005
Organization: Moscow Representative Office of AES Silk Road Inc.
Position: Business Development Manager

Period: 2001-2003
Organization: OOO YUKOS-Moscow
Position: Chief Specialist of Energy Directorate

Issuer's Charter Capital Share: none
Fraction of Issuer's Common Shares Owned by This Person: none
Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none
Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Larissa V. Shiryayeva

Year of birth: 1967
Education: higher
Graduated from Lomonosov Moscow State University, economist qualification

Last 5-year period positions:

Period: 2006-present
Organization: JSC OGC-4
Position: Board Member

Period: 2006-present
Organization: JSC TGC-4
Position: Board Member

Period: 2006-present
Organization: JSC TGC-10
Position: Board Member

Period: 2004 – 2006
Organization: OAO RAO UES of Russia
Position: Head of the Department

Period: 2000 – 2004
Organization: OOO Karana
Position: Consultant

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none
Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none
Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Dmitri V. Shtykov

Year of birth: 1976

Education: higher

In 1998 graduated from Moscow State Law Academy, law specialization. Lawyer qualification

Last 5-year period positions:

Period: 2006-present

Organization: JSC Buryatgeneratsiya

Position: Chairman of the Board

Period: 2006-present

Organization: JSC TGC-10

Position: Board Member

Period: 2006-present

Organization: JSC TGC-9

Position: Board Member

Period: 2006-present

Organization: JSC TGC-4

Position: Board Member

Period: 2006-present

Organization: JSC TGC-2

Position: Board Member

Period: 2006-present

Organization: JSC OGC-6

Position: Board Member

Period: 2006-present

Organization: JSC OGC-4

Position: Board Member

Period: 2006-present

Organization: JSC OGC-3

Position: Board Member

Period: 2006-present

Organization: JSC Mosenergosbyt

Position: Board Member

Period: 2006-present

Organization: JSC Dalenergo

Position: Board Member

Period: 2006-present
Organization: JSC Volgogradenergo
Position: Board Member

Period: 2003 - present
Organization: Institute of Professional Directors Fund
Position: General Director

Period: 11.1999 - 06.2003
Organization: OAO RAO UES of Russia
Position: Senior Specialist, Chief Specialist, Acting Head of Department, Head of Department

Issuer's Charter Capital Share: none
Fraction of Issuer's Common Shares Owned by This Person: none
Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none
Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Issuer's Collegiate Executive Body Members (Management Board):

Board of Directors was approved by the Board Meeting of JSC SGC TGC-8 Minutes No.21 dated 16th December 2005

Sergey S. Fil

Year of birth: 1980
Education: higher

Last 5-year period positions:

Period: 2006 – present
Organizations: JSC Mosenergo

- JSC Khabarovskenergo
- JSC DVEUK
- JSC Oryol Generation Company
- JSC Astrakhan Power Sales Company
- JSC Lipetsk Power Sales Company
- JSC Moscow Heat Network Company
- JSC Kolsk Generation Company
- JSC Chitaenergo
- JSC KHRMK
- JSC PRP-Network
- JSC PRP-Plants
- JSC Dalenergoproject
- JSC Dalenergospetsremont
- JSC Daltekhenergo
- JSC Energy-Tour
- JSC Vladsetremont
- JSC PRP Primorenergoremont
- JSC Motor Transport Enterprise LuTEK
- ZAO ZHKU (Housing and Utility Services)
- JSC Sakhalinenergoremont

JSC Motor Transport Enterprise

Position: Board Member

Period: 07.2004 - present

Organization: OAO RAO UES of Russia, Business Unit No. 1

Position: Head of Corporate Events Department

Period: 05.2002 – 06.2004

Organization: OAO RAO UES of Russia, Corporate Events Department

Position: 1st Category Specialist, Senior Specialist, Chief Specialist, Acting Head of the Corporate Events Department

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

The person performing the functions of the Issuer's Sole Executive Body: Victor S.Gvozdev

Issuer's Management Board

Chairman of the Management Board: Victor S.Gvozdev

Victor S. Gvozdev

Year of birth: 1963

Education: higher

In 1985 graduated from Novocherkassk Polytechnical University.

Advanced Professional Training:

Economic Academy of RF Government, 1998-1999, Euro-Management training course ("How to Manage People in the Market Economic Environment"),

Academy of RF Government, 2002-2003, Company Development Management professional re-training Programme with Management qualification

PhD Engineering.

Last 5-year period positions:

Period: 2006- present

Organization: JSC Energosbyt Rostovenergo

Position: Board Member

Period: 2006- present

Organization: JSC Kuban Generation Company

Position: General Director, Board Member

Period: 2006- present

Organization: JSC Volgogradenergosbyt

Position: Board Member

Period: 2006- present

Organization: ZAO RES

Position: Chairman of the Board

Period: 2005- present

Organization: JSC SGC TGC-8

Position: General Director

Period: 2003 – 2005

Organization: JSC Nevinomysskaya HPP

Position: General Director

Period: 1999-2003

Organization: Novocherkasskaya HPP

Position: First Deputy Chief Engineer

Period: 1996-1999

Organization: Novocherkasskaya HPP

Position: Boiler Repair Plant Manager

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Sergey V. Vasiliev

Year of birth: 24.10.1970

Education: higher

In 1992 graduated from Ryazan Radio Engineering Institute with Computers, Complexes, Systems and Networks specialization and system analyst qualification, PhD Engineering Moscow State Aviation Institute, Finance and Credit Programme.

Last 5-year period positions:

Period: 2005- present

Organization: JSC SGC TGC-8

Position: First Deputy General Director for Finance and Economy

Period: 2005-2005

Organization: JSC OGC-2

Position: Economic Director

Period: 1993 - 2005

Organization: JSC Ryazanskaya HPP

Position: Deputy General Director for Finance, Acting Deputy General Director for Finance, Head of Treasury, Head of Financial Department, Deputy Head of Economic and Planning Department, Senior Economist, 2nd Category Software Engineer, Software Engineer

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Mikhail N. Zershchikov

Year of birth: 1965

Education: higher

In 1988 graduated from Novocherkassk Technical University, specialty: Steam Generator Building, qualification: mechanical engineer

Advanced Professional Training:

Euro-Management: Business Development Management professional training course in the Economic Academy of RF Government

Last 5-year period positions:

Period: 2006- present

Organization: JSC Krasnodarenergoremont

Position: Chairman of the Board

Period: 2005-present

Organization: JSC SGC TGC-8

Position: Deputy General Director for Production and Technical Policy

Period: 2003 - 2005

Organization: JSC Nevinnomyskaya HPP

Position: Deputy General Director, Deputy Technical Director for Repairs, Deputy Chief Engineer for Repairs

Period: 1988 - 2003

Organization: JSC Novocherkasskaya HPP

Position: Manager of the Boiler Repairs Shop, Deputy Manager of the Boiler Repairs Shop, 1-st group Senior Foreman for equipment Repair, Boiler and Coal Pulverizing Equipment Repair Mechanic.

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Anatoly I. Kindya

Year of birth: 1952

Education: higher

In 1974 graduated from Novocherkassk, the Red Banner of Labour Polytechnical University after Ordzhonikidze, specialty: Technology of Electrochemical Productions, qualification: process engineer.

Last 5-year period positions:

Period: 2005-present

Organization: JSC SGC TGC-8

Position: Deputy General Director for Personnel Management and Business Support

Period: 1999 - 2005

Organization: JSC Nevinnomyskaya HPP

Position: Deputy General Director for Economics and Finance

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Yelena V. Klimashevskaya

Year of birth: 1964

Education: higher

In 1986 graduated from Ukhtinsky Industrial University

In 2003 graduated from Syktyvkar State University

Last 5-year period positions:

Period: 2006 - present

Organization: JSC Dagestan Power Sales Company

Position: Board Member

Period: 2006 - present

Organization: JSC Stavropolenergosbyt

Position: Board Member

Period: 2006 - present

Organization: JSC Astrakhan Power Sales Company

Position: Board Member

Period: 2006 - present
Organization: JSC Volgogradenergosbyt
Position: Board Member

Period: 2006 - present
Organization: JSC Energosbyt Rostovenergo
Position: Board Member

Period: 2005 - present
Organization: JSC SGC TGC-8
Position: Deputy General Director for Marketing

Period: 2005-2005
Organization: JSC Stavropolenergosbyt
Position: First Deputy General Director – Executive Director

Period: 2005-2005
Organization: Energosbyt Affiliate, JSC Stavropolenergo
Position: First Deputy General Director for Power Sales – Director of Energosbyt Affiliate, JSC Stavropolenergo

Period: 2003-2005
Organization: Energosbyt Affiliate, JSC Komienergo
Position: Deputy General Director for Power Sales – Director of Energosbyt Affiliate, JSC Komienergo

Period: 2002-2003
Organization: Energosbyt Affiliate, JSPC Komienergo
Position: Acting Deputy General Director for Power Sales – Director of Energosbyt Affiliate, JSC JSPC Komienergo

Period: 2001-2002
Organization: Energosbyt Affiliate, JSPC Komienergo
Position: First Deputy General Director for Economic Issues, Deputy General Director for Power Sales – Director of Energosbyt Affiliate, JSPC Komienergo

Period: 2001- 2002
Organization: Energosbyt Affiliate, JSPC Komienergo
Position: Head of Sosnogorsk Energosbyt Department, Senior Engineer of Sosnogorsk Energosbyt Affiliate Interregional Department

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Irina V. Komarova

Year of birth: 1972

Education: higher

In 2001 graduated from St.Petersburg State University for Engineering and Economics, specialty: accounting and audit, qualification: economist

Last 5-year period positions:

Period: 2005 - present

Organization: JSC SGC TGC-8

Position: Chief Accountant

Period: 2005 - 2005

Organization: JSC SGC TGC-8

Position: Deputy Chief Accountant

Period: 2003 - 2005

Organization: JSC Kirishskaya HPP

Position: 1st Category Accountant, Head of the Capital Management Department, Deputy Chief Accountant for Automation, Head of Property Accounting Group

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Alexander A. Kulagin

Year of birth: 1960

Education: higher

In 1982 graduated from Rostov Higher Military Command Engineering School of Missile Forces, specialty: Strategic Flying Vehicles Maintenance, qualification: mechanical engineer

1989 г. – Rostov College for Finance and Economics, Finance and Credits

PhD Law, Doctor of Philosophy

Advanced Professional Training:

2002 - Academy of Security, Defense and Law Enforcement

1996 – RF FSB Academy

2005 – RSU Department of Economics, State Procurement Management Pilot Project

Last 5-year period positions:

Period: 2006 – present

Organization: JSC SGC TGC-8

Position: Deputy General Director for Security

Period: 2005 – 2005

Organization: JSC SGC TGC-8

Position: Assistant to General Director for Security

Period: 2003 -2005

Organization: Department of Russia's Federal Service for Drugs Turnover Control in Rostov Region

Position: Deputy Head

Period: 2001 – 2003

Organization: Department of RF Federal Tax Police Service, Rostov Region

Position: Deputy Head of the Operational Service

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Alexander V. Osykin

Year of birth: 1963

Education: higher

In 1986 graduated from Novocherkassk Polytechnical University, specialty: Electric Heating Stations, qualification: heat power engineer.

Advanced Professional Training: Company Development Management professional re-training course in RF Government Economic Academy.

Last 5-year period positions:

Period: 2005 –present

Organization: JSC SGC TGC-8

Position: Deputy General Director for Logistics and Procurement

Period: 2003 - 2005

Organization: JSC Nevinnomyskkaya HPP

Position: Deputy General Director for Finance, Head of Treasury Department

Period: 1997 – 2003

Organization: JSC Nevinnomyskkaya HPP

Position: Sales Department and Treasury Department senior specialist

Period: 1996-1997

Organization: TOO Agrosnab

Position: Commercial Director

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Eugeny P. Petrov

Year of birth: 1969

Education: higher

In 1993 graduated from Kuzbass Technical University, specialty: Electric Power Supply, qualification: electrical engineer

In 2005 graduated from State University of Management, specialization: Power Companies Management in the Market Economy

Last 5-year period positions:

Period: 2006 –present

Organization: JSC Krasnodarenergo

Position: Board Member

Period: 2006 –present

Organization: JSC SGC TGC-8

Position: Financial Director

Period: 2005-2006

Organization: JSC Kubanenergo

Position: Deputy General Director for Economics and Finance

Period: 2005-2005

Organization: JSC TGC-8

Position: Financial Director

Period: 2004-2005

Organization: MEN Affiliate of JSC Kuzbassenergo

Position: Deputy Director for Finance and Economics

Period: 2003-2004

Organization: JSC Kuzbassenergo

Position: Deputy General Director for Electric Network Finance and Economics

Period: 2002-2002

Organization: OOO Promtrade-2002

Position: Commercial Director

Period: 2002-2002

Organization: JSC Coal Company Kuzbassugol

Position: Head of Arrears Department

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Vladimir F. Skorikov

Year of birth: 1952

Education: higher

In 1975 graduated from Novocherkassk Technical University, specialty: Electric Stations, qualification: electrical engineer

Advanced Professional Training:

2003 - Russian Federation Government Economic Academy, specialty: Company Development Management

Last 5-year period positions:

Period: 2000-2002

Organization: JSC Rostovenergo

Position: First Deputy General Director for Production, Chief Engineer.

Period: 2003-2006

Organization: SUE RR Donenergo

Position: Chief Engineer

Period: 2006 –present

Organization: JSC SGC TGC-8

Position: Deputy General Director for Capital Construction

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Dmitriy G. Solodyankin

Year of birth: 1967

Education: higher

In 1992 graduated from Moscow State University, qualification: physicist

Advanced Professional Training

Higher School of Privatization and Entrepreneurship, qualification: manager

Last 5-year period positions:

Period: 2006 - present

Organization: JSC Astrakhanenergo

Position: Board Member

Period: 2006 - present

Organization: JSC Dagestan Power Sales Company

Position: Board Member

Period: 2006 - present

Organization: JSC Stavropolenergosbyt

Position: Board Member

Period: 2005 - present
Organization: JSC SGC TGC-8
Position: Deputy General Director for Strategy and Development

Period: 2004–2005
Organization: ZAO Promregion Holding
Position: Head of the Corporate Law Department

Period: 2002–2004
Organization: JSC LUKOIL
Position: Head of the Corporate Governance Sector of Stock Exchange Transactions Department of the Main Division for Strategic Development and Investment Analysis

Period: 2002–2002
Organization: RF Ministry of Energy
Position: Head of the Investment Policy Department

Period: 2002–2002
Organization: RF Federal Power Commission
Position: RF 1st Class Advisor, Deputy Head of Regional Policy and Investment Programmes Department

Period: 2000 - 2002
Organization: Russia's Federal Commission for the Securities Market
Position: Head of the Department for Regulation of Activities of Professional Market Participants, Deputy Head of the Department

Period: 1998 - 2000
Organization: Moscow Regional Department of Russia's Federal Commission for the Securities Market
Position: RF 1st Class Advisor, Head of Control Department, RF 3rd Class Advisor, Deputy Head of the Department, Senior Specialist.

Issuer's Charter Capital Share: none
Fraction of Issuer's Common Shares Owned by This Person: none
Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none
Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

5.3. Information about Remuneration, Benefits and/or Compensation of Expenses as to Each of the Issuer's Management Bodies

In 2005 the Sole Executive Body, General Director was paid the remuneration for participation in the Board Meeting in the amount of 11, 040 rubles.

For the participation in the Board Meeting the Board Members were paid the remuneration in the amount of 42, 060 rubles.

For the participation in the Board Meeting the Collegiate Executive Body Members were paid the remuneration in the amount of 25, 230 rubles.

The total remuneration (including wages, bonuses, commission fees, benefits and/or cost compensations or other property provisions) paid to Company's Board Members within the reporting period amounted to **15, 371, 394.8 rubles**.

The total remuneration (including wages, bonuses, commission fees, benefits and/or cost compensations or other property provisions) paid to Company's Management Board Members within the reporting period amounted to **19, 842, 137.01 rubles**.

Data on existing agreements related to such remunerations in the current financial year:

On 5th 2006 the Annual General Meeting of Shareholders of JSC SGC TGC-8 approved the revised Regulation on Remunerations and Compensations to JSC SGC TGC-8's Board Members. In compliance with indicated Regulation, for the participation in the Board meeting conducted in the form of absentee voting (through the voting ballot completion) the Board Member shall be paid remuneration in the amount equivalent to five minimal monthly tariff wage rates of the 1st rate worker established by the sector Tariff Agreement in RF Electric Power Complex as of the date of Company's Board meeting regarding indexation specified by the Agreement within seven calendar days upon the Company's Board meeting.

For the participation in the Board meeting conducted in the form of joint attendance the Board Member shall be paid remuneration in the amount equivalent to seven minimal monthly tariff wage rates of the 1st rate worker established by the sector Tariff Agreement in RF Electric Power Complex (hereinafter Agreement) as of the date of Company's Board meeting regarding indexation specified by the Agreement within seven calendar days upon the Company's Board meeting.

This Regulation shall not apply to Company's Board Members who are Company's Sole Executive Body or members of the Collegiate Executive Body.

5.4. Structure and Competence of the Issuer's Financial and Business Control Bodies

To supervise the financial and business operations of the Company the Revision Commission consisting of 5 members is to be elected by the General Meeting of Shareholders.

The following issues fall within the authority of the Revision Commission:

1. confirming the accuracy of data contained in the Company annual report, balance sheet and profit and loss account;
2. evaluating the Company financial status, identify the resources of the financial status improvement and submit recommendations for the Company management;
3. scheduling and conducting the inspection (revision) of the financial and business activity of the Company, specifically:
4. inspection (revision) of the financial, accounting, payment and settlement and other Company documents for their compliance with the Russian Federation legislation, the Charter, internal and other documents of the Company;
5. control over keeping and use of the fixed assets;
6. control over the Company compliance with the established procedure of write-off of insolvent debtors' debts;
7. control over Company expenses compliance with the approved business plan and Company budget;
8. control over building and use of the reserve and other special funds of the Company;
9. inspection of accuracy and timeliness of accrual and payment of dividends by Company shares, bonds interest charges and other yields;
10. inspection of compliance with prescriptions for elimination of violations and deficiencies identified in the course of previous inspections (revisions);
11. implementation of other actions related to the inspection of financial and business operations of the Company.

The Revision Commission shall be entitled and in case of identifying major violations in a Company financial and business activity shall be obliged to request the calling of the Extraordinary General Meeting of Shareholders.

In compliance with the decision on conducting the inspection (revision), the Revision Commission is entitled to use the services of outside specialists in the relevant fields of law, economics, finance, accounting, management, economic security and others including specialized organizations. The inspection (revision) of the financial and business Company activity can be conducted at any time on the initiative of the Company Revision Commission, by the decision of the General Meeting of Shareholders, Board of Directors or at the request of a shareholder(s), owning in the aggregate at least 10 (ten) percent of voting shares..

Upon the inspection of the financial and business activity of the Company the Revision Commission and Company Auditor are to prepare a report which must contain:

verification of the data contained in the reports and other financial documents of the Company; information about violations of accounting procedures and financial reporting specified by the Russian Federation regulatory acts as well as violations of the Russian Federation legal acts in the financial and business activity of the Company.

The procedure and timeline of reporting upon the results of the inspection of the Company's financial and business activity shall be specified by the Russian Federation regulatory acts and Company by-laws.

Key functions of the Auditing Service: interaction with Issuer's executive bodies and Board of Directors (Supervisory Board).

The internal control functions are to be performed by the Internal Audit Department. Key functions of the Department include:

1. Specifying audit tools and procedures, conducting basic audit activities: audit planning, scheduling and programme-making.
 2. Obtaining audit evidence by means of auditing any documents related to financial and business activities of the Company.
 3. Checking the compliance with laws and other regulatory acts, the Charter, accounting Policy requirements, instructions, orders and edicts of the General Director.
 4. Inspection of certain business transactions, subject and unscheduled audits conducted by the administration and Affiliates in compliance with General Director's instruction .
 5. Checking the compliance of financial and business operations, conducted by officials with their duties.
 6. Summarizing implications, analysis, shaping and expression of the opinion on the audit results in the auditing report.
 7. Developing and submitting proposals for identified violations elimination.
 8. Violations elimination control.
 9. Evaluation of the efficiency of the internal control mechanism; review and evaluation of control procedures in Affiliates and structural subdivisions of the Company.
 10. Verification of data timeliness, reliability and authenticity in the preliminary financial reporting version.
 11. Periodic review of External Auditors' reports, discussion of audit results and evaluation of preliminary quarter and annual financial reporting versions with the General Director.
 12. Timely provision of the General Director with information about facts requiring decision-making as well as about outcomes of its operations according to its duties pursuant to approved plans and objectives of the Department.
 13. Participation in the development of organizational and regulatory internal documents.
- Consulting Company employees with respect to different legislation issues related to accounting and taxation.
14. Participation of Internal Audit specialists in official investigations.
 15. Audit methodology provision.

When conducting auditing external auditors efficiently interact with the External Audit Department with respect to all issues emerging in the course of inspection and request for all necessary information within the authority of the Department.

Regulation on Insider Information was approved by the Company Board Meeting (Minutes No.16, 30.09.2005).

On 5th June 2006 AGMS (Minutes No.4) approved the Company's Auditor.

- PricewaterhouseCoopers -- Building 5, 52 Kosmodamianskaya Naberezhnaya, Moscow 115054, Phone (495) 967-60-00, Fax (495) 967-60-01.

5.5. Information about Members of the Issuer's Financial and Business Control Bodies

Issuer's Revision Commission Members:

Chairman of the Revision Commission is Olga S. Dolgopol

Revision Commission Members:

Yulia A. Bakhmutenko

Year of birth: 1980

Education: higher

Last 5-year period positions:

Period: 2005 - present

Organization: ZAO Promregion Holding

Position: Financial Analyst of the Financial Analytic Department

Period: 2003 - 2005

Organization: JSC GMK Norilsk Nickel

Position: Specialist of the Process Control and Analytic Department

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Olga S. Dolgopol

Year of birth: 1948

Education: higher

Last 5-year period positions:

Period: 1997 – present

Organization: OAO RAO UES of Russia

Position: Chief Specialist, Deputy Head of the Department, Head of KC Internal Audit Department.

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Olga N. Mansurova

Year of birth: 1958

Education: higher

Last 5-year period positions:

Period: 2001 – present

Organization: OAO RAO UES of Russia

Position: Chief Specialist of the Department for Economic Security and Regulations

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Yulia Y. Minifayeva

Year of birth: 1975.

Education: higher

Last 5-year period positions:

Period: 2004 - present

Organization: OAO RAO UES of Russia

Position: Specialist of the Department of Financial and Business Control of SDC BU No. 1

Period: 1999-2004

Organization: ZAO Gelio-Paks

Position: Financial Manager

Issuer's Charter Capital Share: none

Fraction of Issuer's Common Shares Owned by This Person: none

Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none

Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none

Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none

Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none

Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

Igor I. Uzgorov

Year of birth: 1964

Education: higher

Last 5-year period positions:

Period: 2004 - present
Organization: OAO RAO UES of Russia
Position: Head of Financial and Business Control SDC BU No.1

Period: 2003– 2004
Organization: JSC Russian Communal Systems, Moscow
Position: Executive Director

Period: 2003– 2003
Organization: Professional Directors Institution Fund, Moscow
Position: Advisor

Period: 2002 – 2003
Organization: OAO RAO UES of Russia Representative Office Sibirenergo
Position: General Director's Advisor for Boards Activities

Period: 2001- 2002
Organization: OAO RAO UES of Russia Representative Office Sibirenergo
Position: General Director's Advisor for Revision Commissions

Fraction of Issuer's Common Shares Owned by This Person: none
Number of Issuer's Shares to be Acquired by This Person upon Exercise of Owned Issuer's Options Rights: none
Shares in Charter Capitals of Subsidiary/Dependent Companies of the Issuer: none
Fraction of Issuer's Subsidiary/Dependent Companies' Common Shares Owned by This Person: none
Number of Issuer's Subsidiary/Dependent Companies' Shares to be Acquired by This Person upon Exercise of Owned Subsidiary/Dependent Companies' Options Rights: none
Kinship with Other Members of Issuer's Management and/or Financial and Business Supervising Bodies: none

5.6. Information about Remuneration, Benefits and/or Compensation of Expenses of the Issuer's Financial and Business Control Bodies

For the inspection of Company's financial and business activity in 2005 the Revision Commission of JSC SGC TGC-8 was paid remuneration in the amount of 64, 735 rubles. Due to the approval by the Board of Directors of the Decision on payment of the additional remuneration to Revision Commission members (Minutes No.14 dated 23.06.2006), the Revision Commission was also paid additional remuneration in the amount of 181, 258 rubles. For the inspection of Company's financial and business activity for 2005 and in compliance with Board Decision (Minutes No.14 dated 23.06.2006) the outside specialist involved by the Revision Commission was paid remuneration in the amount of 11, 770 rubles (basic remuneration) и 32, 956 rubles (additional remuneration).

The amount, procedure and timeline of remunerations and compensations payment to Revision Commission members are specified by the Regulation on Remuneration and Compensation of Revision Commission Members approved by the General Meeting of Shareholders (abstract from Minutes of OAO RAO UESR's Management Board meeting 1252pr/6 dated 12.07.2005).

In compliance with this Regulation for the participation in the inspection (revision) of the financial and business activity the Company's Revision Commission member shall be paid a lump sum equivalent to five minimal monthly tariff wage rates of the 1st rate worker established by the sector Tariff Agreement in RF Electric Power Complex (hereinafter Agreement) within the inspection (revision) period regarding indexation specified by the Agreement.

5.7. Data on Number and Generalized Data on Education and Structure of Issuer's Employees as well as Change in Number of Employees

Item	3 rd Quarter 2006
------	------------------------------

Average Staffing Number, persons	7, 853
Share in Issuer's employees with a higher professional education, %	35.5
Wages Fund, RUR	360, 516, 700
Social Security Fund, RUR	1, 839, 900
Spent Funds, Total, RUR	362, 356, 600

The Issuer's staff includes employees exercising a significant influence on Issuer's financial and business activity (key employees):

Victor S. Gvozdev, year of birth: 1963	General Director of JSC SGC TGC-8
Irina V. Komarova, year of birth: 1972	Chief Accountant of JSC SGC TGC-8
Sergey V. Vasiliev, year of birth: 1970	First Deputy General Director for Economics and Finance of JSC SGC TGC-8
Dmitry G. Solodyankin, year of birth: 1967	Deputy General Director for Strategy and Development of JSC SGC TGC-8
Alexander V. Osykin, year of birth: 1963	Deputy General Director for Logistics and Procurement of JSC SGC TGC-8
Yelena V. Klimashevskaya, year of birth: 1964	Deputy General Director for Sales of JSC SGC TGC-8
Mikhail N. Zershchikov, year of birth: 1965	Deputy General Director for Production and Technical Policy of JSC SGC TGC-8
Anatoly I. Kindya, year of birth: 1952	Deputy General Director for Personnel Management of JSC SGC TGC-8
Alexander A. Kulagin, year of birth: 1960	Assistant to General Director for Security of JSC SGC TGC-8
Vladimir F. Skorikov, year of birth: 1952	Deputy General Director for Capital Construction
Eugeny P. Petrov, year of birth: 1969	Financial Director

The Executive Body of JSC SGC TGC-8 and Affiliates have established trade union bodies.

5.8. Information about any Liabilities of the Issuer to its Employees Related to their Participation in the Issuer's Charter Capital (Unit Fund)

The Issuer has no such liabilities.

VI. Information on the Issuer's Participants (Shareholders) and Related Party Transactions

6.1. Total Number of the Issuer's Participants (Shareholders)

The total number of persons registered in the Shareholder Register is 13, **786**, including nominal holders of Issuer's shares – **19**.

6.2. Information about the Issuer's Participants (Shareholders) Owning at least 5 per cent of the Issuer's Charter Capital (Unit Fund) or at least 5 percent of its Common Shares, as well as Information about Participants (Shareholders) of such Entities Owning at least 20 percent of their Charter Capital (Unit Fund) or at least 20 percent of their Common Shares

Share holders (participants) Owning at least 5 per cent of the Issuer's Charter Capital:

6.2.1 Full Corporate Name: Russian Open Joint Stock Company for Power and Electrification UES of Russia

Abbreviated Corporate Name: OAO RAO UES of Russia

INN: 7705018828

Location: Building 3, 101 Vernadskogo prosp., Moscow, 119526

Share in the Issuer's Charter Capital: 50.0074%

Fraction of Owned Issuer's Common Shares: 50.0074%

Shareholders (participants) owning at least 20 percent of the Charter Capital of the Issuer's shareholder (participant):

Full Corporate Name: Russian Federation represented by the Federal Agency for Federal Property Management (Rosimushchestvo)

Location: 9, Nickolsky pereulok, Moscow, 103685

Share in the Charter Capital of OAO RAO UES of Russia: 52.6831%

Fraction of Owned Issuer's Common Shares of OAO RAO UES of Russia: 52.3457%

Share in the Charter Capital of JSC SGC TGC-8: 0

Fraction of Owned Issuer's Common Shares of JSC SGC TGC-8: 0

6.2.2 Full Corporate Name: Closed Joint Stock Company Promregion Holding

Abbreviated Corporate Name: ZAO Promregion Holding

INN: 7706307082

Location: B.2, 29 Shabolovka Str. Moscow 115162

Share in the Issuer's Charter Capital: 14.9994%

Fraction of Owned Issuer's Common Shares: 14.9994%

Shareholders (participants) owning at least 20 percent of the Charter Capital of the Issuer's shareholder (participant):

Full Corporate Name: Limited Liability Company Management-Consulting

Location: B.1, 7/21 Meshchanskaya Str. Moscow 129090

Share in the Charter Capital of ZAO Promregion Holding: 99.999%

Fraction of Owned Common Shares of ZAO Promregion Holding: 99.999%

Share in the Charter Capital of JSC SGC TGC-8: 0

Fraction of Owned Issuer's Common Shares of JSC SGC TGC-8: 0

6.2.3 Full Corporate Name: Closed Joint Stock Company Energostrategiya

Abbreviated Corporate Name: ZAO Energostrategiya

INN: 7734527474

Location: B.2, 21 Zhivopisnaya Str. Moscow 115162

Share in the Issuer's Charter Capital: 11.116%

Fraction of Owned Issuer's Common Shares: 11.116%

Shareholders (participants) owning at least 20 percent of the Charter Capital of the Issuer's shareholder (participant):

Full Corporate Name: Limited Liability Company Management-Consulting

Location: B.1, 7/21 Meshchanskaya Str. Moscow 129090

Share in the Charter Capital of ZAO Energostrategiya: 99.999%
Fraction of Owned Common Shares of ZAO Energostrategiya: 99.999%
Share in the Charter Capital of JSC SGC TGC-8: 0
Fraction of Owned Issuer's Common Shares of JSC SGC TGC-8: 0

6.3. Information about Shares of the State or Municipality Participating in the Charter Capital (Unit Fund) of the Issuer; Special Right ("Golden Share")

Share in the Issuer's Charter Capital being in state or municipal ownership:

- 1. Full Corporate Name:** Chirkey Village Administration
Location: Chirkey v. Buinaksky District, DR 368114
Share of Owned Issuer's Charter Capital: 0.0441%
- 2. Full Corporate Name:** Gimry Village Administration
Location: Gimry v. Untsukul'sky District DR 368240
Share of Owned Issuer's Charter Capital: 0.0126%
- 3. Full Corporate Name:** Novochirkey Village Administration
Location: Novochirkey v. Kizilurtov'sky District DR 368106
Share of Owned Issuer's Charter Capital: 0.0113%
- 4. Full Corporate Name:** Chitrkata Village Administration
Location: Chitrkata v. Gumbetov'sky District DR 368933
Share of Owned Issuer's Charter Capital: 0.0101%
- 5. Full Corporate Name:** Verkhniy Chiryurt-Gelbakh Village Administration
Location: Verkhniy Chiryurt v. Kizilurtov'sky District DR 368100, 2-11-38
Share of Owned Issuer's Charter Capital: 0.0087%
- 6. Full Corporate Name:** Miatly Village Administration
Location: Miatly v. Kizilurtov'sky District DR 368100
Share of Owned Issuer's Charter Capital: 0.0068%
- 7. Full Corporate Name:** Stary Bavgugay Village Administration
Location: Administration, Stary Bavgugay v. Kizilurt DR 368101
Share of Owned Issuer's Charter Capital: 0.0057%
- 8. Full Corporate Name:** Gergebil Village Administration
Location: Gergebil v. Gergebil'sky District DR 368250
Share of Owned Issuer's Charter Capital: 0.0048%
- 9. Full Corporate Name:** Village Council Khvartikuninsky Settlement Administration
Location: Khvartikuni v. Gergebil'sky District DR 368258
Share of Owned Issuer's Charter Capital: 0.0048%
- 10. Full Corporate Name:** Nizhny Chirurt Village Administration
Location: Nizhny Chirurt v. DR 368100
Share of Owned Issuer's Charter Capital: 0.0045%
- 11. Full Corporate Name:** Ministry of Property Relations, Dagestan Republic
Location: 2 Lenin square, Makhachkala, Dagestan Republic 367012
Share of Owned Issuer's Charter Capital: 0.0028%
- 12. Full Corporate Name:** Untsukul Village Administration
Location: Untsukul v. Untsukul'sky District, DR 368240
Share of Owned Issuer's Charter Capital: 0.0025%

13. Full Corporate Name: Zubutly Village Administration
Location: Zubutly v. Kizilurtovsky District, DR 368100
Share of Owned Issuer's Charter Capital: 0.0024%

14. Full Corporate Name: Ashilta Village Administration
Location: Ashilta v. Untsukul'sky District, DR 368240
Share of Owned Issuer's Charter Capital: 0.0014%

15. Full Corporate Name: Salta Village Administration
Location: Salta v. Gunibsky District, DR 368340
Share of Owned Issuer's Charter Capital: 0.0009%

16. Full Corporate Name: Ministry of Property Relations, Stavropolsky Krai
Location: 1 Lenin square, Stavropol, Stavropolsky Krai 355025
Share of Owned Issuer's Charter Capital: 0.00002%

Availability of a special right ("Golden Share"): no provision

Availability of Russian Federation, RF subjects' or municipalities' special right to participate in Issuer Management : no provision

6.4. Information about Limitations for Participating in the Charter Capital of the Issuer: no limitations

6.5. Information on Changes in the Shareholdings of Issuer's Shareholders owning not less than 5 percent of the Issuer's Charter Capital or not less than 5 percent of the Issuer's Common Shares

Since foundation of JSC SGC TGC-8 till 14.11.2005 OAO RAO UES of Russia had been the only shareholder of the Company. In this respect the functions of the General Meeting of Shareholders were performed by the Management Board of OAO RAO UES of Russia.

Date of the Meeting	Type of the Meeting	Listing Date	Full/ Abbreviated Corporate Name	Share in Issuer's Charter Capital, %	Fraction of Owned Issuer's Common Shares %
28.12.2006 28.12.2006	extraordinary	23.11.2005	Russian Open Joint Stock Company for Power and Electrification UES of Russia/ OAO RAO UES of Russia	50.00001	50.00001
			ROLAND INVESTMENTS LIMITED	48.7479310	48.7479310
01.03.2006	extraordinary	25.01.2006	Russian Open Joint Stock Company for Power and Electrification UES of Russia/ OAO RAO UES of Russia	50.00001	50.00001
			ROLAND INVESTMENTS LIMITED	48.7747416	48.7747416
17.03.2006	extraordinary	31.01.2006	Russian Open Joint Stock Company for Power and Electrification UES of Russia/ OAO RAO UES of Russia	50.00001	50.00001
			ROLAND INVESTMENTS LIMITED	48.7747416	48.7747416
05.06.2006	annual	21.04.2006	Russian Open Joint Stock Company for Power and Electrification UES of Russia/ OAO RAO UES of Russia "	50.00001	50.00001
			ROLAND INVESTMENTS LIMITED	48.7747416	48.7747416

6.6. Information on Related Party Transactions Entered into by the Issuer

The total number of related party transactions approved by the Issuer's governing body is 28 transactions.

The total monetary value of related party transactions approved by the Issuer's governing body is 13, 393, 600 RUR.

Date of Transaction	Subject and Other Basic Conditions of Transaction	Parties	Full and Abbreviated Corporate Name of the Related Party, Rationale	Size of Transaction, RUR/%	Transaction Deadline, Execution Data	Approval Date, Body
26.05.2006	Agency Contract within the framework of the Investment Programme for Technical Upgrade and Reconstruction of Generation Facilities	JSC Kubanenergo and JSC SGC TGC-8	RAO UES of Russia (holder of more than 20 % of shares)	1,512, 183 RUR /0,01	Contract period till 31.12.2006	21.07.2006 Board of Directors of JSC SGC TGC-8
26.05.2006	Construction Contract	JSC SGC TGC-8 in behalf of Volgograd Generation Affiliate and JSC South Engineering Power Centre (UICE)	RAO UES of Russia (holder of more than 20 % of shares)	212, 518/0.0014	since the date of the Contract signature till 31.12.2006 and in respect of clearing accounts – till their full execution	11.08.2006 Board of Directors of JSC SGC TGC
22.06.2006	Construction Contract	JSC SGC TGC-8 in behalf of Volgograd Generation Affiliate and JSC South Engineering Power Centre (UICE)	RAO UES of Russia (holder of more than 20 % of shares)	232, 932/0.0015	within three months upon receipt of the prepayment in the amount of 30 percent of the Contract sum	11.08.2006 Board of Directors of JSC SGC TGC
01.09.2006	Nonresidential Premises Rent Contract	JSC Power Centre and JSC SGC TGC-8	RAO UES of Russia (holder of more than 20 % of shares)	489, 317/0.003	from 01.08.06 to 30.06.2007 г.	01.09.2006 Board of Directors of JSC SGC TGC

6.7. Information on the Amount of Accounts Receivable

Types of Accounts Receivable	Due Date	
	Up to 1 year	Over 1 Year
Accounts receivable of Buyers and Customers, ths RUR	1, 508, 685 *	x
Including overdue, ths RUR	883, 973	x
Bills Receivable, ths RUR	x	x
Including overdue, ths RUR	x	x
Participants' (Incorporators') Arrears of Charter Capital Contributions, ths RUR	x	x
Including overdue, RUR	x	x
Advance Paid, ths RUR	213, 302	x

Including overdue, ths RUR	21, 970	x
Other accounts receivable, ths RUR	626, 704	x
Including overdue, ths RUR	115, 348	x
Total ths RUR:	2, 348, 691	x
Including overdue, ths RUR	1, 021, 291	x

Reference: the net balance on 241 line* has increased by the doubtful debts reserve amount–269, 208 ths RUR which is over 10% of the total amount of accounts receivable. This reserve has been established on MUE Heat Network indebtedness, 16, Pushkin Str. Volzhsky town.

Debtors who account for at least 10 percent of the total amount of accounts receivable as of 01.10.2006: none

VII. Issuer's Accounting Reports and Other Financial Information

7.1. Issuer's Annual Accounting Reports

In the reporting quarter the annual accounting reports are not to be presented.

7.2. Issuer's Quarterly Accounting Reports for the Last Completed Quarter

Quarter accounts have been prepared in compliance with Russian Federation legislation requirements and included herein as Annex No.1.

The quarterly Issuer's accounts appended to this Quarter Report contain:

- 1) Form No.1 Balance Sheet;
- 2) Form No.2 Profit and Loss Report.

3rd Quarter Balance Sheet - see Annex No.2.

7.3. Issuer's Consolidated Accounting Records for the Last Completed Financial Year

Consolidated Accounting Records for JSC SGC TGC-8 is not stipulated.

7.4. Issuer's Accounting Policy

The Issuer's Accounting Policy was approved by the Order of JSC SGC TGC-8 dated by 29.12.2005 No. 300, see Annex No. 1.

7.5. Information on the Issuer's Total Exports, as well as on the Share of Exports in the Issuer's Total Sales

The Issuer is not involved in any export of products, goods, works or services.

7.6. Information on the Cost of Immovable Property and Material Changes in the Issuer's Property that Occurred since the End of the Last Completed Financial Year

The immovable property includes lands, buildings, premises, installations and other relevant facilities with over 12 months of service life.

The balance cost of immovable assets as of 30.09.2006 amounted to 5, 896, 150 ths RUR, amortization – 32 269 ths RUR.

No significant changes in the immovable property structure have occurred within the 3rd quarter of 2006 (less than 5%)

7.7. Involvement of the Issuer in any Litigation or Court Proceedings where such Involvement may have a Material Adverse Impact on the Issuer's Financial and Business Activities

The Issuer has not been involved in any court proceedings which could substantially affect its financial or business activities.

VIII. Additional Information about the Issuer and its Placed Securities

8.1. Additional Information about the Issuer

8.1.1. Amount and Structure of Issuer's Charter (Share) Capital (Unit Fund)

Amount of Charter Capital (RUR): 11, 889, 164, 463.65

	Number, pcs.	Nominal Value, RUR.	Share in CC, %
common shares	1, 188, 916, 446, 365	11, 889, 164, 463	100
preferred shares	0	-	0

Issuer's Shares are not circulated out of the Russian Federation.

8.1.2. Information about Changes in the Amount of Issuer's Charter (Share) Capital (Unit Fund)

Pre-change Charter Capital – 10, 000, 000 rubles. On 29.12.2005 the Extraordinary General Meeting of Shareholders approved the decision on restructuring JSC SGC TGC-8 through the merger of JSC Astrakhan Regional Generation Company, JSC GC Volzhskaya, JSC Dagestan Heat Generation Company, JSC RGC and JSC Stavropol Heat Generation Company and on the increase in the Charter Capital of JSC SGC TGC-8

On 11th May 2006 Company's eight additional security issues were registered.

On 01st June 2006 shares of merged Regional Generation Companies were converted into Company's shares with the following increase in the actual amount of the Charter Capital by the sum of nominal values of additional issues' placed common shares (within the framework of the conversion of shares owned by merged JSC Astrakhan Regional Generation Company, JSC GC Volzhskaya, JSC Dagestan Heat Generation Company, JSC RGC and JSC Stavropol Heat Generation Company) and it amounted to **11, 889, 164, 463. 65 rubles**

Amendments to the Charter of JSC SGC TGC-8 were registered by FTSI in the 3rd quarter – on 31st July 2006 (upon registration by Russia's FSFM of Security Additional Issue Reports).

8.1.3. Information on the Formation and Use of the Issuer's Reserve Fund and Other Funds

The Company establishes a Reserve Fund in the amount of 5 (five) percent of the Charter Capital. The amount of obligatory annual deductions to be transferred to the Company Reserve Fund is to be 5 (five) percent of the Company net profits until the Reserve Fund reaches the established amount.

As of the end of the reporting quarter the Reserve Fund amounts to 186 ths RUR

The Issuer has no other funds based on the net profit.

8.1.4. Information on the Procedure for Calling and Conducting the Meeting of the Issuer's Supreme Governing Body

Name of the Issuer's Supreme Governing Body: General Meeting of Shareholders .

The procedure for notification of shareholders (participants) on the meeting of the Issuer's supreme governing body:

The Notice of the General Meeting of Shareholders is sent (or handed over) to each person included in the list of persons entitled to participate in the General Meeting of Shareholders, announced in Nezavisimaya Gazeta newspaper or posted on the Company web site not later than 30 (thirty) days prior to the Meeting.

In the event if the nominee shareholder is included in the register, the Notice of the General Meeting of Shareholders is sent by postal address of this nominee shareholder if other postal address for sending the Notice of the General Meeting of Shareholders is not specified in the list of shareholders entitled to participate in the General Meeting of Shareholders.

If the Notice of the General Meeting of Shareholders was sent to the nominee shareholder he is obliged to make it available for his customers pursuant to provisions of regulatory acts of the Russian Federation or under the contract with the customer.

Persons (bodies) entitled to call (request) an Extraordinary Meeting of the Issuer's Supreme Governing Body and procedure of sending (submitting) such requests:

Pursuant to p. 1, Cl. 55 of the Federal Law on Joint Stock Companies No. 208-FZ, December 26, 1995 the Extraordinary General Meeting of Shareholders is to be held by the decision of the Company Board of Directors (Supervisory Board) on its own initiative, pursuant to the request of the Revision Commission or Company Auditor as well as on the initiative of the shareholder(s) owning at least 10 (ten) percent of voting shares as of the date of request.

If a shareholder(s) requests the calling of an Extraordinary General Meeting of Shareholders, such request shall state the name(s) of the shareholder(s) submitting the proposals or requests for the Extraordinary General Meeting of Shareholders, and the number and category (type) of shares owned. The request for conducting an Extraordinary General Meeting of Shareholders is to contain the wording of agenda items. The request for conducting an Extraordinary General Meeting of Shareholders is to contain a draft decision on each of the items and a proposed form of the General Meeting of Shareholders.

The Procedure for Specifying the Date of the Meeting of the Issuer's Supreme Governing Body:

The Annual General Meeting of Shareholders shall be held not earlier than within two months and not later than within six months since the end of the financial year.

An Extraordinary General Meeting of Shareholders called pursuant to the request of the Revision Commission, Company Auditor or shareholder(s) owning at least 10 (ten) percent of voting shares (hereinafter – persons entitled to call the General Meeting of Shareholders) is to be held within 40 days since submitting a request for conducting an Extraordinary General Meeting of Shareholders.

If the proposed agenda of the Extraordinary General Meeting of Shareholders contains an item on the election of the Company Board members (Supervisory Board) who are to be elected by cumulative voting this General Meeting of Shareholders is to be held within 70 days since submitting a request for conducting an Extraordinary General Meeting of Shareholders.

In case if the Board of Directors is to make a decision on conducting an Extraordinary General Meeting to elect Board members pursuant to the Federal law on Joint Stock Companies, such a General Meeting of Shareholders is to be held within 70 days since the approval of such a decision by the Board of Directors.

Persons entitled to submit proposals to the agenda of the meeting of the Issuer's Supreme Governing Body and the procedure for submitting such proposals:

The shareholder(s) owning in the aggregate not less than 2 (two) percent of the Company voting shares are entitled to submit items to the agenda of the Annual General Meeting of Shareholders and propose candidates to the Company Board of Directors and Revision Commission if shareholders nominated less than the size of the relevant body. Such proposals are to be submitted to the Company not later than within 60 (sixty) days since the end of the financial year

Proposals for agenda items of the General Meeting of Shareholders and nomination of the candidates are to be submitted in writing with the indication of a name of the proposing shareholder(s), number and category (type) of the shares they hold.

If the proposed agenda of the Extraordinary General Meeting of Shareholders contains an item on the election of the Company Board members (Supervisory Board) who are to be elected by cumulative voting this General Meeting of Shareholders is to be held within 70 days since submitting a request for conducting an Extraordinary General Meeting of Shareholders the shareholder(s) owning in the aggregate not less than 2 (two) percent of the Company voting shares are entitled to propose candidates to the Company Board of Directors if shareholders nominated less than the size of the

relevant body. Such proposals are to be submitted to the Company at least 30 days prior to the date of the Extraordinary General Meeting of Shareholders.

Persons entitled to get access to the information (materials) provided to prepare and conduct the meeting of the Issuer's Supreme Governing Body and the procedure of familiarization with such information (materials):

Information (materials) is to be available for the persons entitled to participate in the General Meeting of Shareholders within 20 days and in case of conducting the General Meeting of Shareholders whose agenda contains the Company restructuring issue – within 30 days prior to the date of the General Meeting of Shareholders for familiarization in the premises of the Company Executive Body or other locations indicated in the Notice of the General Meeting of Shareholders.

Indicated information (materials) is to be available for persons participating in the General Meeting of Shareholders.

The Company is obliged to provide the copies of above mentioned documents at the request of the person entitled to participate in the General Meeting of Shareholders. The fee charged for provision of such copies is not to exceed their producing costs.

8.1.5. Information on Commercial Organizations in which the Issuer Holds no less than 5 percent of the Charter (Share) Capital (Unit Fund) or no less than 5 Percent of the Common Shares as of the Date of Approval of the Securities Prospectus

Due to the completion of restructuring (01st June 2006) JSC ЮГК ТГК-8 through the merger of Regional Generation Companies: JSC GC Volzhskaya, JSC Stavropol Heat Generation Company, JSC Astrakhan Regional Generation Company, JSC Dagestan Heat Generation Company and JSC RGC JSC SGC TGC-8 has received common shares of the following commercial organizations by Assignment Act:

1. Full Corporate Name in Russian: Открытое акционерное общество “Экспериментальная ТЭС”

Full Corporate Name in English: Experimental Thermal Power Station Open Joint Stock Company

Abbreviated Corporate Name in Russian: ОАО “Экспериментальная ТЭС”

Abbreviated Corporate Name in English: Experimental TPS, JSC.

Location: Krasny Sulin Rostov Region 346353 Russian Federation

Share of JSC SGC TGC-8's Participation in the Charter Capital of Experimental TPS, JSC: 39.6%

Fraction of Experimental TPS, JSC 's Common Shares owned by JSC SGC TGC-8: 39.6%

Share of JSC Experimental TPS's Participation in the Charter Capital of JSC SGC TGC-8: 0%

Fraction of JSC SGC TGC-8's Common Shares Owned by Experimental TPS, JSC: 0%

2. Full Corporate Name in Russian: Открытое акционерное общество “Волгоградэнергосервис”

Full Corporate Name in English: Joint-Stock Company Volgogradenergосervice

Abbreviated Corporate Name in Russian: ОАО “Волгоградэнергосервис”

Abbreviated Corporate Name in English: JSC Volgogradenergосervice

Location: 5 General Shumilov Str. Volgograd, Russia

Share of JSC SGC TGC-8's Participation in the Charter Capital of JSC Volgogradenergосervice: 100%

Fraction of JSC Volgogradenergосervice 's Common Shares owned by JSC SGC TGC-8: 100%

Share of JSC Volgogradenergосervice 's Participation in the Charter Capital of JSC SGC TGC-8: 0%

Fraction of JSC SGC TGC-8's Common Shares Owned by JSC Volgogradenergосervice: 0%

3. Full Corporate Name in Russian: Открытое акционерное общество “Астраханьэнергоремонт”

Full Corporate Name in English: Astrakhanenergoremont - Joint-Stock Company

Abbreviated Corporate Name in Russian: ОАО “Астраханьэнергоремонт”

Abbreviated Corporate Name in English: – Astrakhanenergoremont JSC

Location: 5, 3rd Volnaya Str. Astrakhan, Russian Federation.

Share of JSC SGC TGC-8's Participation in the Charter Capital of Astrakhanenergoremont JSC: 100%

Fraction of Astrakhanenergoremont JSC 's Common Shares owned by JSC SGC TGC-8: 100%

Share of Astrakhanenergoremont JSC 's Participation in the Charter Capital of JSC SGC

TGC-8: 0%

Fraction of JSC SGC TGC-8's Common Shares Owned by Astrakhanenergoremont JSC: 0%

8.1.6. Information on any Material Transactions Entered into by the Issuer

Material Transactions whose Obligations Amount to 10 and over Percent of the Issuer's Assets Balance Cost according to Financial Accounting Data within the Reporting Period

Counteragent: JSCB ROSBANK (Open Joint Stock Company)

Date of Transaction /Counterparty	25.08.2006
Subject and Other Basic Conditions	Credit Line Agreement
Data on compliance with requirements for state registration and /or notarial certification of transaction	Neither state registration no notarial certification are required
Monetary Value of Transaction	500, 000, 000 RUR
Price, % of Book Value of Assets	3.28 %
Transaction Deadline	up to obligation fulfillment
In Case of Overdue – the Reason for the Overdue	No overdue
Data on Attribution of a Transaction to the Material Transaction Category and on the Approval of a Transaction	Though not falling within the material transaction category this transaction is to be approved by the Board of Directors pursuant to Article 15, i.32 of the Charter (Minutes of the Board Meeting No. 19/2006, 23.08.2006)

8.1.7. Information on the Issuer's Credit Ratings

No credit rating was assigned to the Issuer and/or securities

8.2. Information about Each Category (Type) of Issuer's Shares

Category: common

Nominal value of one security of the issue (RUR): 0.01 RUR

Number of outstanding (circulating or uncanceled) shares (pieces): 1, 188, 916, 446, 365

Number of additional shares under placement (number of shares of the additional issue with no state registration of its results): 0

Number of declared shares: 415, 883, 553, 635

Number of on-balance shares: 0

Number of additional shares to be placed upon conversion of placed securities into shares or upon fulfillment of obligations under Issuer's option plan: 0

State Registration Numbers and Registration Dates:

1-01-34308-E dated 19.05.2005

1-01-34308-E-001D dated 11.05.2006

1-01-34308-E-002D dated 11.05.2006

1-01-34308-E-003D dated 11.05.2006

1-01-34308-E-004D dated 11.05.2006

1-01-34308-E-005D dated 11.05.2006

1-01-34308-E-006D dated 11.05.2006

1-01-34308-E-007D dated 11.05.2006

1-01-34308-E-008D dated 11.05.2006

Shareholders' Rights:

Each common share of the Company shall entitle its holder to equal rights.

Holders of common shares of the Company shall be entitled:

Holders of registered common shares of the Company shall be entitled:

- 1) to participate in person or through authorized representatives in the General Meeting of Company Shareholders with the right to vote on all issues within its authority;
- 2) to put forward proposals on the agenda of the General Meeting in accordance with the procedure stipulated by the Russian Federation legislation and this Charter;
- 3) to obtain information about Company activities and get access to the Company documents pursuant to Article 91 of the Federal Law on Joint Stock Companies, other regulatory documents and this Charter;
- 4) to receive dividends declared by the Company;
- 5) to hold the pre-emptive right of the acquisition of additional shares placed through open subscription and convertible equity securities at the amount proportional to the number of shares they hold;
- 6) in case of a Company liquidation to receive a portion of its assets;;

Shareholders are entitled to dispose of shares they own without other shareholders' And Company's consent.

Shareholders are entitled to exercise other rights stipulated by the Russian Federation legislation.

No preferred shares are offered by the Company.

8.3. Information on Previous Issues of Securities by the Issuer, except for the Share Issues

The Issuer has no issues of securities except for the share issues.

8.4. Information on a Person(s) Providing Security in respect of the Bond Issue

No bonds have been placed by the Issuer.

8.5. Conditions of Bond Issue Obligations Fulfillment

No bonds have been placed by the Issuer.

8.6. Information on Organizations Registering Rights to Issue Securities in the Issuer

Registrar:

Full Corporate Name: Open Joint Stock Company Central Moscow Depository

Abbreviated Corporate Name: OAO CMD

Location: Building B, 3, Orlikov Per., Moscow, 107078

License Data:

License Number: 10-000-1-00255

Date of Issue: 13.09.2002

License Term: non-expiry.

Issuing Authority: RF Federal Commission on the Securities Market.

No centralized holding equity securities on deposit was provided within the reporting quarter.

8.7. Information on Legislative Acts Regulating Capital Exports and Imports that may have an Impact on the Payment of Dividends, Interest and other Sums to Non-Residents

Russian Federation Law on Currency Regulation and Currency Control No. 173-ΦZ, dated 10.12.2003.

Federal Law dated 26.12.1995 No.208-FZ On Joint Stock Companies.

Federal Law dated 22.04.1996 No.39- FZ On Security Market

Federal Law dated 09.07.1999 No.160- FZ On Foreign Investments in RF.

Federal Law dated 25.02.1999 No.39- FZ On Investment Activity in the Russian Federation Implemented in the Form of Capital Investments.

RF Tax Code dated 05.08.2000 No.117- FZ

Federal Law dated 07.08.2001 No.115-FZ On Countering the Legalization (Laundering) of Income Received by Criminal Means and Financing Terrorism.

The group of Federal Laws that ratify Double Tax Treaties between Russian Federation and foreign countries. Currently the Double Tax Avoidance Regulation is in force with more than 50 countries.

Basic Federal Laws regulating Double Tax Treaties between Russian Federation and foreign countries: Federal Law on Ratification of the Double Tax Treaty on Income and Capital between the Government of the Russian Federation and the Government of the Republic of Cyprus No. 167-FZ, dated July 17, 1999;

Federal Law on Ratification of the Convention on the Avoidance of Double Taxation, Prevention of the Evasion of Income Taxes and Income Tax Legislation Violation between the Government of the Russian Federation and the Government of the Republic of France No. 18-FZ, dated February 8, 1998;

Federal Law on Ratification of the Convention on the Avoidance of Double Taxation and Prevention of the Evasion of Taxes in relation to Income and Increment Value Tax between the Government of the Russian Federation and the Government of the United Kingdom of Great Britain and Northern Ireland of March 19, 1997 and Treaty No. 65-FZ, dated February 15, 1994 between the Government of the Russian Federation and the Government of the United Kingdom of Great Britain and Northern Ireland concluded as exchange of notes on application of some provisions of the Convention;

Federal Law on Ratification of the Double Tax Treaty on Income and Property between the Russian Federation and Swiss Confederation No.38-FZ, dated February 26, 1997;

Federal Law on Ratification of the Convention on the Avoidance of Double Taxation and Prevention of the Evasion of Income and Property Taxes between the Government of the Russian Federation and the Government of Canada No.42-FZ, dated February 26, 1997;

Federal Law on Ratification of the Double Tax Treaty on Income and Property between the Government of the Russian Federation and the Government of the Republic of Germany No.158-FZ, dated December 18, 1996;

Treaty on the Avoidance of Double Taxation and Prevention of the Evasion of Taxes on Income and Capital between the Russian Federation and United States of America (Washington, June 17, 1992);

Convention on the Avoidance of Double Taxation in relation to Income Taxes between the Government of the USSR and the Government of Japan (Tokyo, January 18, 1986.).

8.8. Description of the Procedure for the Taxation of Income from the Issuer's Securities that have been or are to be Placed

Taxation of Legal Entities' Dividend Income in relation to Being Placed and Placed Securities pursuant to Legislation having been in force since 01.01.2002

No.	Categories of Securities Holders	
	Legal Entities – RF Tax Residents	Foreign Legal Entities – (Non-Residents), Raising Revenues from RF Area-Based Sources
1. Securities Placement Income	Dividends	
2. Securities' Income Tax	Profit Tax	
3. Tax Payment Procedure and Terms	9%	15%
4. Tax Payment Procedure and Terms	Dividend income taxes are to be collected from the source of payment and transferred to the federal budget by the Tax Agent making payment, within 10 days since the tax payment.	The amount of tax deducted from foreign organizations' income is to be transferred by the Federal Agent to the federal budget alongside with the income payment either in this income currency or in Russian Federation currency at the RF Central Bank

		official rate as of the tax transference date.
5. Taxation Procedure for this Security Holders Category	<p>The total amount of withholding tax is to be estimated by a difference between the amount of dividends to be distributed between shareholders-residents and the amount of dividends received by the Tax Agent within the reporting period.</p> <p>In case the difference is negative there is no need to pay a tax and make compensation from the budget. The amount of a tax to be deducted from taxpayer's-dividend-recipient's income is to be estimated from the total amount of tax and each taxpayer's share in the total amount of dividends.</p>	<p>Double Tax Elimination. To relieve double taxation or apply preferential tax treatment, a taxpayer (foreign organization) is to provide a Tax Agent who pays income with the confirmation of being a resident of the state which has an International Treaty (Agreement) regulating taxation issues with the Russian Federation, prior to the income payment date. Such a confirmation is to be verified by a competent authority of a relevant foreign state. In case of failure to submit such a confirmation prior to the income payment date the Tax Agent is to retain foreign organization's income tax.</p> <p>Pursuant to p. 2, Cl. 312 of TC the foreign recipient of income is entitled to get back previously retained income tax within 3 years since the end of the tax period of income payment given the provision of the tax authority at the Tax Agent's place of registration with corresponding documents (the list is given in Cl. 312 of RF TC). The reimbursement of previously retained and paid tax is to be effected within a month since submission of an application and said documents.</p>
6. Legislative and normative acts regulating the procedure of indicated income taxation	Article 25 of RF Tax Code Organizations' Profit Tax	

Taxation of Individuals' Dividend Income in relation to Being Placed and Placed Securities pursuant to Legislation having been in force since 01.01.2002

No.	Categories of Securities Holders	
	Individuals – RF Tax Residents	Individual non-residents of RF raising revenues from the sources located in RF
1. . Securities Placement Income Name	Dividends	
2. Securities' Income Tax Name	Individual Income Tax	
3. Tax Payment Procedure and Terms	9%	30%
4. Tax Payment Procedure and Terms	The duty to withhold the tax from the taxpayer's income and remit it to the relevant budget is to be imposed on the Russian organization which is a source of taxpayer's dividend income (Tax Agent). The accrued amount of the tax is to be deducted from the taxpayer's income under its actual payment. Tax agents are obliged to remit the amounts of assessed and withheld tax not later than the actual date of taking cash in the bank to pay income as well as to transfer the income from the accounts of Tax Agents to the accounts of a taxpayer or on its behalf to the accounts of the third parties.	
5. Taxation Procedure for this Security Holders Category	<p>The total amount of withholding tax is to be estimated by a difference between the amount of dividends to be distributed between shareholders-residents and the amount of dividends received by the Tax Agent within the accounting period.</p> <p>In case the difference is negative there is no need to pay a tax and make compensation from the budget. The</p>	<p>Double Tax Elimination. To relieve double taxation, get tax deductions or other tax benefits a taxpayer is to submit to the Russian Federation Ministry of Taxation the official confirmation of being a resident of the state which has an International Double Tax Treaty (Agreement) which has been in force within a relevant accounting period. Such a confirmation can be submitted both prior to the tax payment and within</p>

	amount of a tax to be deducted from taxpayer's–dividend-recipient's income is to be estimated from the total amount of tax and each taxpayer's share in the total amount of dividends.	one year after the end of that accounting period upon the results of which the taxpayer pretends to be relieved of taxation, tax deductions or benefits.
6. Legislative and normative acts regulating the procedure of indicated income taxation	Russian Federation Tax Code, Section 2, Chapter 23 Individual Income Tax (amended and added), Article 275 RF TC	

8.9. Information on Dividends Declared (Accrued) and Paid on the Issuer's Shares, as well as Information on the Issuer's Bonds Income

Since the Company foundation up to present no decisions on dividends payment have been approved by the General Meeting of Shareholders.

No bonds have been issued by the Issuer.

8.10. Other Data

No data available

**ISSUER'S QUARTERLY REPORT
ANNEXES**

ANNEX 1

Regulation on Accounting Policy of Open Joint Stock Company South Generation Company –TGC-8 for 2006

1. General Provisions

This Regulation has been developed in compliance with requirements of accounting regulatory acts taking into consideration some requirements of Tax and Civil legislation of the Russian Federation.

This Regulation shall apply to JSC SGC TGC-8, its Affiliates, Representative Offices and other separate subdivisions. Structural subdivisions can have activity-based specifics of the Accounting Policy approved by the Company's General Director and being the addendum hereof.

The Accounting Policy comprising aggregate principles, regulations and technology of implementation of accounting methods have been developed to communicate complete, unbiased, authentic and timely financial and administrative information regarding organizational and sectoral specific of JSC SGC TGC-8.

Cost and tax accounting methods chosen by JSC SGC TGC-8 under the development of this Accounting Policy shall be approved by the General Director and applied on a step-by-step basis since 1st January, 2006.

JSC SGC TGC-8 shall keep accounting and present accounting reporting pursuant to the Federal Law on Accounting No.129-FZ dated November 21, 1996, Regulation on Accounts and Accounting Reporting in Russian Federation No. 34n dated 29.07.98, approved by the Decree of the Russian Federation Ministry of Finance and other accounting-related regulatory documents.

JSC SGC TGC-8 shall estimate and pay taxes pursuant to the Russian Federation and RF subjects' tax legislation and local governments' tax legislative and regulatory acts.

JSC SGC TGC-8's affiliates have no completed balance, close the interim accounts in compliance with the procedure approved by JSC SGC TGC No.8, perform obligations of TGC related to local taxes payment, account for keeping segregated property records and comply with the basic Regulations on JSC SGC TGC-8's Accounting Policy.

Organizational Aspects of the Accounting Policy

JSC SGC TGC-8 includes the Executive Body and 7 Affiliates (Annex No.5 to the Accounting Policy). Affiliates and other separate structural subdivisions split-off is caused by their location and autonomy of production and commercial processes. Heads of Affiliates act on behalf of JSC SGC TGC-8 in compliance with authorities specified in powers of attorney issued by the General Director of JSC SGC TGC-8. Affiliates (structural subdivisions) are governed in their operation by approved Accounting Policy of JSC SGC TGC-8 and are to provide the compliance with it.

The accounting in JSC SGC TGC-8 accounts shall be kept by the Accounting Department headed by the Chief Accountant.

Affiliates shall have their own Accounting Departments headed by Chief Accountants which prepare a separate (uncompleted) balance sheet and other reporting. Functions of a Central Accounting Department shall be performed by JSC SGC TGC-8's Central Accounting Office which shall generalize financial and business performance.

Composition and hierarchy as well as division of powers and responsibilities along with a structure, functions and objectives of the Accounting and Reporting Department performing primary data recording and processing for its follow-up accounting registration shall be set forth in the Accounting and Reporting Department Regulation.

The Chief Accountant of the Company in cooperation with other chief accountants of affiliates shall provide supervision and accounting of all business operations in compliance with applicable legislative and regulatory documents. Chief Accountants of all affiliates shall be methodologically subordinate to the Chief Accountant of JSC SGC TGC-8.

The Chief Accountant of JSC SGC TGC-8 and chief accountants of affiliates shall be appointed and dismissed by the order of the General Director of JSC SGC TGC-8 as presented by the 1-st Deputy General Director for Economics and Finance.

The Chief Accountant shall be responsible for the accounting policy development, bookkeeping, timely presentation of full and authentic financial reporting and ensure compliance of performed operations with the Russian Federation legislation.

The Chief Accountants' requirements for documenting business operations and presentation of necessary documents and data to the Accounting Department shall be mandatory for all Company employees.

In case of disagreement between the Head of the Company and Chief Accountant with respect to performance of separate business operations the relevant documents shall be accepted for execution by a written order of the Head of the Company who shall take all responsibility for consequences of such operations and including relevant data into accounts or financial reporting.

In the absence of the Chief Accountant (business trip, vacation, illness, etc.) his rights and duties shall be transferred to the Deputy Chief Accountant and in the absence of the Deputy Chief Accountant – to the other official pursuant to the administrative order.

Technical Aspects of the Accounting Policy

Accounting Policy Provision	Accounting	Tax Accounting
<p>The right to sign primary accounting documents</p>	<p>Business financial operations (regarding bank accounts, cash records and accounting contracts changing financial liabilities of JSC SGC TGC-8) shall be documented and signed by the General Director of JSC SGC TGC-8 and Chief Accountant or persons whose specimen signatures are eligible for transactions-related documents.</p> <p>The right to sign primary accounting documents shall be specified by the administrative order of JSC SGC TGC-8. Besides this, heads of services (heads of departments, directorates, etc.) shall be entitled to sign the documents according to their employment and functional duties by proxy issued by the General Director.</p>	
<p>Forms of primary accounting documentation and internal accounting</p>	<p>To document facts of business activities JSC SGC TGC-8 shall use unified primary accounting forms specified by the RF State Statistics Committee, RF Ministry for Finance and other authorized executive bodies.</p> <p>To document financial and economic operations with unspecified standard primary accounting forms JSC SGC TGC-8 shall design required forms based on Russian Accounting Standards, accounting-related guidelines and instructions and current primary accounting forms taking into consideration power system requirements and certain sectoral specific approved and shown in this Accounting Policy.</p>	<p>Primary tax accounting documents shall be accounting documents which transform into tax registers applied to estimate a taxable base.</p> <p>To address tax accounting needs and RAS 18/02 requirements with unspecified standard primary accounting forms JSC SGC TGC-8 has developed required tax register forms with regard to power system requirements and certain sectoral specific approved and shown in this Accounting Policy.</p>
<p>Primary accounting documents storage</p>	<p>Primary accounting documents' originals related to business operations of subdivisions shall be accepted for accounting and kept in relevant places according to document control of JSC SGC TGC-8 related to business operations to maintain accounting and tax records.</p>	
<p>Secret</p>	<p>The content of accounting and tax registers and internal accounts shall be confidential. Persons authorized to get access to the information contained in accounting and tax registers and internal accounts shall be obliged to keep commercial secret. For its disclosure they shall bear responsibility set forth in internal orders of JSC SGC TGC-8 and Russian Federation legislation.</p>	
<p>Document flow organization procedure</p>	<p>JSC SGC TGC-8 document flow rules for the purpose of keeping accounting and tax records as well as accounting reporting shall be regulated by the document flow schedule (Annex No. 3 to the Order on the Accounting Policy). The document flow schedule shall specify the timeline and volume of primary accounting data, reporting and other documents to JSC SGC TGC-8's Accounting Department of the Executive Body by other directorates, affiliates and other separate structural subdivisions of JSC SGC TGC-8. The timeline and volume of accounting and tax reporting of JSC SGC TGC-8 submitted to relevant state supervision bodies shall not be specified by the document flow schedule and shall be regulated by the applicable legislation</p>	
<p>Property and obligations estimate</p>	<p>Cost and tax accounting of property, obligations and business operations shall be estimated in rubles without round-off. Assets and obligations cost denominated in foreign exchange shall be converted into rubles to enter accounts and reporting in compliance with requirements of Regulation on Accounting of Assets and Obligations whose Cost is Denominated in Foreign Exchange (RAS 3/2000)</p>	
<p>Inventory procedures</p>	<p>The property and obligations inventory shall be carried out in compliance with Guidelines for Inventory of Property and Financial Obligations approved by the Decree of RF Ministry for Finance No.49 dated 13.06.1995.</p> <p>Inventory timeline shall be specified by the Order of the General Director.</p> <p>The procedure (number of inventories in the reporting year, inventory dates, list of property and obligations supposed to be inspected, etc.) shall be specified by the General Director of JSC SGC TGC-8 except for scheduled inventory dates.</p>	<p>To carry out the inventory for tax accounting it is to comply with Guidelines for Inventory of Property and Financial Obligations approved by the Decree of RF Ministry for Finance No.49 dated 13.06.1995.</p>
<p>Procedure for internal property</p>	<p>Property (materials, fixed assets, etc.) shall be transferred from one subdivision of JSC SGC TGC-8 to another by order or mutual agreement according to the procedure of a single legal entity's assets redistribution among relevant accounts of internal estimate of the Working</p>	

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
estimate	Chart of Accounts.	
Accounting procedure for external users	<p>External accounting of JSC SGC TGC-8 shall be documented according to the procedure and within the terms stipulated by accounting-related regulatory acts.</p> <p>JSC SGC TGC-8's accounting shall be recorded by the Accounting Department of the Executive Body on the basis of the generalized data on the property, obligations and performance regarding data provided by the Accounting Departments of affiliates.</p> <p>Annual JSC SGC TGC-8's accounting shall be reviewed and approved by the General Meeting of Shareholders and submitted within the timeline and to the addresses specified by the Article 15 of the Federal Law No. 129-FZ dated 21st November 1996 on Accounting.</p> <p>Approved annual accounting of JSC SGC TGC-8 shall be published not later than 1st June 1 of the year following the reporting year.</p> <p>The disclosure (sectioning as a separate Article) of the accounting indicator is provided if its value is a material one.</p> <p>The indicator is considered to be material if its nondisclosure may affect the economic decisions of stakeholders based on the reporting information. The level of materiality shall be specified in the amount of five percent of the total value of the relevant reporting section.</p>	<p>Taxes and dues centralized accounting shall be kept by the Accounting Department of the Executive Body based on data submitted by the affiliates' Accounting Departments and by other services of JSC SGC TGC-8.</p> <p>Not centralized taxes and duties accounting shall be kept by the affiliates' Accounting Departments.</p>
Accounting Forms	Annual and interim accounting forms of JSC SGC TGC-8 have been based on those recommended by RF Ministry for Finance regarding additional figures introduced by OAO RAO UES of Russia.	JSC SGC TGC-8 shall submit accounting forms specified by the Ministry of Taxation to tax bodies.
Segment-based information disclosure	JSC SGC TGC-8 considers the information to be primary – on operational segment basis and secondary – on a geographic segment basis.	The assets to be taxable based on their location (immovable property, transport, etc.) shall be accounted on a territorial basis.
Chart of Accounts	To keep accounting records all affiliates shall use the uniform Chart of Accounts of JSC SGC TGC-8 including control and analytic accounts. The Chart of Accounts of JSC SGC TGC-8 is the integral Annex No.2 of the Accounting Policy Order. In the course of operation JSC SGC TGC-8's accounting services shall apply analytic characters (system directories and classifiers) for accounting purposes developed in compliance with requirements for production management. The	Identified under correlation data of tax and cost accounting of financial performance of the Company permanent and deferred tax liabilities are accounted in compliance with RAS 18/02.

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
	Company's affiliates are allowed to use other sub-accounts different from the Chart of Accounts as approved by the Chief Accountant of the Executive Body.	

Methodology Aspects of Accounting Policy

Intangible Aspects

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
Intangible assets distribution procedure	Intangible assets shall include facilities totally compliant with the Regulation on Intangible Assets Accounting (RAS 14/2000) No. 91n approved by RF Ministry of Finance Decree dated 16 th October, 2000. R&D, engineering, design and process organization costs whose outcomes are subject to legal protection and are applicably formalized shall be recorded on the Account 04 Intangible Assets. Analytical accounting shall be kept according to types of works and contracts (orders).	
Intangible assets estimate	Intangible assets shall be accounted by original cost. The original cost of intangible assets acquired for a fee shall be specified as total actual acquisition costs, VAT excluded and other compensated taxes (excluding cases stipulated by the Russian Federation legislation). Acquired in JSC SGC TGC-8 intangible assets shall be estimated according to actual costs excluding overhead costs, reimbursable materials taxes and outside organizations' services taxes. Intangible assets received under deeds of gift (on a gratis basis) shall be estimated at their market value as of the date of their recording. The market value estimate shall be based on the expert opinion of the licensed independent Appraiser. Intangible assets received under contracts stipulating for non-monetary payment shall be estimated by goods (valuables) cost to be transferred and in case it is impossible to specify the price of goods (valuables) they shall be estimated by intangible assets acquisition cost under similar comparable circumstances Acquired intangible assets shall be recorded on the off-balance account estimated as it is specified by the Contract. The estimate of intangible assets whose acquisition cost is specified in foreign currency shall be provided in rubles through the currency conversion at the rate of RF Central Bank applicable as of the acquisition of the assets on the basis of the Company's appurtenant and operating control rights.	
Intangible assets depreciation	JSC SGC TGC-8 shall use the linear method for depreciation deductions based on the original cost and depreciation rate calculated on the basis of the intangible asset's useful life.	

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
<p>specifying the useful life of intangible assets</p>	<p>JSC SGC TGC-8 shall specify the useful life of intangible assets as of the date of their recording. JSC SGC TGC-8 shall determine the useful life of each type of the intangible asset at the time of their recording based on:</p> <ul style="list-style-type: none"> - the patent's validity period, certificate or other limitations of intellectual property assets' useful life; - the expected useful life of this asset whereas JSC SGC TGC-8 can obtain economic benefit provided that the useful life of the intangible asset is specified by a special Commission and approved by the General Director. <p>For intangible assets whose useful life is impossible to determine, depreciation rates shall be deemed to be 20 years but not more than the Company's operational life.</p>	<p>The useful life of the intangible asset shall be based on the patent's validity period, certificate and(or) other limitations of intellectual property assets' useful life pursuant to the Russian Federation or other applicable foreign country legislation as well as on the useful life of intangible assets stipulated by relevant contracts. For intangible assets whose useful life is impossible to determine, depreciation rates shall be deemed to be ten years but not more than the Company's operational life.</p>
<p>accrued depreciation recording</p>	<p>Intangible assets depreciation deductions except for overhead costs shall be put to Account 05 Depreciation of Intangible Assets.</p>	

Fixed Assets

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
<p>Fixed assets distribution procedure</p>	<p>Fixed Assets accounting shall be kept in compliance with Fixed Assets Accounting, RAS 6/01 Regulation, approved by the Decree of RF Ministry of Finance No. 26n dated 30.03.2001.</p> <p>Fixed assets include assets which are used to manufacture products, perform works or provide services or to meet managerial needs of JSC SGC TGC-8 within 12 months or more of the assets' useful life.</p> <p>4.2.4 Based on their utilization factor fixed assets may be categorized into those:</p> <ul style="list-style-type: none"> - in operation; - in stock (in reserve); - under repair; - on a completion, reconstruction, upgrade, technical reequipment and partial liquidation stage; - under conservation. 	<p>Depreciated assets include the assets with the useful life of over 12 months and original cost of over 10, 000 rubles.</p> <p>In tax accounting the depreciated assets shall exclude:</p> <ul style="list-style-type: none"> - transferred (obtained) under contracts (on a gratis basis); - transferred under conservation with duration of over 3 months in compliance with management's decision; - transferred under reconstruction upgrade with duration of over 12 months in compliance with management's decision. <p>Under the fixed asset removing from storage its depreciation shall be accrued according to the pre-conservation procedure and the useful life shall be extended for the fixed asset conservation period.</p>
<p>Inventory item of fixed assets</p>	<p>The accounting unit of fixed assets shall be an inventory item. The inventory item of fixed assets shall be the facility with all its appliances and accessories or structurally autonomous facility designed to perform certain autonomous functions or an isolated complex of structurally articulated facilities constituting a whole unit and designed to perform a certain function.</p>	

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
	<p>A complex of structurally articulated facilities is one or more facilities performing similar or different functions, having common appliances and accessories and control, erected on one foundation and able to perform their functions only as part of a complex.</p> <p>In case one facility has a few parts with different useful life, each of these parts shall be accounted as an autonomous inventory item. each of such a part is assigned an inventory number.</p> <p>Upon the completion of the process of recovery (upgrade, reconstruction) of intangible assets:</p> <p>The inventory card of the recovered asset shall contain corrections with respect to the recovery cost and useful life accounting data (for assets excluded from Group 11 and assets with ongoing accrued cost and tax accounting as of the date of upgrades completion). If the recording corrections (original cost, etc.) in the inventory card of the recovered asset is impeded, it is replaced by the new inventory card (with the same number) with new performance indicators of the recovered asset;</p> <p>with respect to the assets included in Group 11 and assets whose at least one of (cost or tax) depreciations has been accrued upon the upgrades completion a new inventory card shall be opened with the total amount of recovered costs and newly established period of useful life.</p> <p>Inventory cards of fixed assets FA-6 shall be kept in an electronic format in the Accounting Programme and printed out as the case may be.</p>	
fixed assets cost variance	<p>The variance of fixed assets original cost which is to be accounted shall be permitted in cases of completion, reconstruction, partial liquidation and revaluation of fixed assets.</p> <p>The revaluation of fixed assets groups shall comply with the legislation as well as with the relevant regulatory document of JSC SGC TGC-8 .</p>	<p>The variance of fixed assets original cost shall be permitted in cases of completion, reconstruction, partial liquidation and revaluation of fixed assets.</p> <p>Under JSC SGC TGC-8's market revaluation (adjustment) of the fixed assets cost the positive (negative) sum of such a revaluation shall be not recognized as the profit (cost) accounted for taxation purposes and shall not be accepted when specifying the replacement cost of depreciated assets and when accruing depreciation accounted for taxation purposes.</p>

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
Fixed assets estimate	<p>Fixed assets shall be recorded by their original cost. Fixed assets whose cost does not exceed 10,000 rubles per item as well as purchased books, booklets, etc. not included in the library stock shall be recorded as inventories. Assets to be assembled as well as construction facilities shall be accounted as fixed assets upon commissioning and assets having the cost of at least 1,000 rubles per item shall be non-recurrently charged to off-balance Account 017.</p> <p>Purchased fixed assets' original cost shall be estimated as the amount of actual acquisition, construction and production cost with VAT and other reimbursable taxes excluded. If fixed assets are entered as contributions to the Charter Capital, their original cost shall be recognized the monetary value approved by the Founders (participants) of the organization unless otherwise specified by RF legislation.</p> <p>When fixed assets are acquired under gift contract or in other cases of their receipt on a gratis basis the original cost shall mean their market value as of the date of their recoding increased by the sum of additional costs related to the asset delivery.</p> <p>The original cost of fixed assets received under contracts providing discharge of obligations (payment) on a non-monetary basis shall be the cost of valuables transferred or subject to transfer by JSC SGC TGC-8.</p>	<p>The procedure for specifying the original cost of fixed assets in the tax accounting shall comply with the cost accounting procedure. The depreciation value of commissioning fixed assets shall be specified as the difference between their original cost and the depreciation amount accrued within the operation period.</p> <p>When JSC SGC TGC-8 acquires fixed assets as well as the cost of fixed assets increases due to the completion, upgrades and reconstruction costs increase, 10 percent of the original costs of fixed assets and(or) incurred costs shall not be nonrecurrently included in the reporting period as Capital Costs but shall be depreciated on a regular basis.</p>
	<p>If it is impossible to determine the cost of valuables transferred or subject to transfer, the cost of fixed assets obtained by the organization under contracts stipulating for discharge of obligations (payment) on a non-monetary basis shall be based on the cost of similar fixed assets acquisition under similar circumstances.</p> <p>The original cost of fixed assets regardless of the acquisition kind shall also include actual delivery and installation costs. The force-account delivery of fixed assets shall not be included in the original cost of fixed assets; it shall be debited to costs dated the same month they were produced.</p> <p>Unaccounted fixed assets identified by inventory of assets and obligations shall be recorded at the current market value and recorded</p>	

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
	<p>on the debit of fixed assets account in correspondence with profit and loss account as overhead costs.</p> <p>The fixed assets facility whose cost is denominated in foreign currency shall be converted into rubles at the rate of RF Central Bank as of the date of the facility recording.</p>	
	<p>The management and capital construction department costs and commodities and materials delivery for force-account construction shall be included into capital construction facilities in proportion to the monthly capital investment to facilities.</p>	
Consumption of fixed assets	<p>The fixed assets consumption is charged using the linear method based on the useful life of the facility. The specified depreciation method shall be applied within the whole useful life of the facility.</p> <p>For fixed assets taken on discount up to 1.01.2002 the depreciation shall be charged pursuant to the Decree of the USSR Council of Ministers No. 1072 dated 22.10.1990 on Standard Rates of Depreciation Charges for the Complete Restoration of Fixed Assets of the National Economy of the USSR. For fixed assets taken on discount since 1.01.2002 the depreciation is charged pursuant to the Decree of RF Government No.1 dated January 1, 2002 on Classification of Fixed Assets Included in Depreciation Groups.</p> <p>The useful life of fixed assets shall be compliant with FA classification requirements included in depreciation groups on a minimum useful life basis.</p>	<p>The fixed assets consumption is charged using the linear method based on standards estimated on the basis of the useful life of these facilities in compliance with Art. 259 of RF Tax Code and with RF Government Resolution No.1 dated 01.01.2002 On Classification of Fixed Assets included in Amortization Groups.</p> <p>The specified depreciation method shall be applied within the whole useful life of the facility.</p> <p>The useful life of fixed assets shall be compliant with FA classification requirements included in depreciation groups on a minimum useful life basis.</p> <p>Deprecation standards for motor cars and minibuses which cost 300 and 400 thousand rubles correspondingly shall be applied with a reduction factor 0.5 in compliance with Section 9 Art. 259 of RF TC.</p> <p>Housing and other social sector profit-making facilities depreciation shall be accrued according to established procedure.</p>

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
	<p>The depreciation shall be accrued starting from the first day of the month following the month of this facility recording including assets in stock (reserve) upon the total cost repayment or decommissioning of this facility.</p> <p>The fixed assets consumption shall be accrued at the end of the reporting year based on established depreciation rates. The depreciation sums flow related to above mentioned facilities shall be put to a separate off-balance account.</p> <p>Depreciation is not charged on fixed assets whose consumer properties do not change in course of time (lands, resources, museum items and collections, etc.), on fixed assets transferred to 3-month conservation by the management decision and on fixed assets under restoration exceeding 12-month period.</p> <p>If within any calendar month the Company was founded, liquidated, restructured or anyhow transformed so that in compliance with Article 55 of the Tax Code its tax period starts or finishes prior to the end of the calendar month, the depreciation shall be accrued regarding the following factors:</p> <p>1) the depreciation shall not be accrued by the liquidated organization since the 1st day of the month of liquidation and by the restructured organization - since the 1st day of the month of applicable restructuring;</p>	<p>Monthly depreciation accruals shall be estimated as the facility's original cost multiplied by depreciation rate specified for this facility.</p> <p>The fixed asset consumption amount according to the linear method shall be specified as :</p> <p>-the multiplication of the original cost and depreciation rate (based on the useful life), specified for the given facility – related to fixed assets.</p> <p>Depreciation rate of the fixed asset is determined by the formula:</p> $K = (1/n) \times 100\%,$ <p>where K – depreciation rate in percentage of the original cost of the depreciated asset; n – useful life of the appreciated asset expressed in months.</p> <p>If within any calendar month the Company was founded, liquidated, restructured or anyhow transformed so that in compliance with Article 55 of the Tax Code its tax period starts or finishes prior to the end of the calendar month, the depreciation shall be accrued regarding the following factors:</p> <p>1) the depreciation shall not be accrued by the liquidated organization since the 1st day of the month of liquidation and by the restructured organization - since the 1st day of the month of applicable restructuring;</p>
	<p>2) the depreciation shall be accrued by the established upon restructuring organization – since the 1st day of the month following the month of its state registration.</p>	<p>2) the depreciation shall be accrued by the established upon restructuring organization – since the 1st day of the month following the month of its state registration.</p>

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
	<p>When purchasing used fixed assets JSC SGC TGC-8 shall have the right to determine the depreciation rate related to this asset regarding the useful life reduced by the number of years (months) of this asset operation by previous owners.</p> <p>If the period of the actual use of the given fixed asset by previous owners happens to be equal or exceeding its useful life specified by the fixed assets classification and approved by the Russian Federation Government, JSC SGC TGC-8 shall be entitled to specify the useful life of this fixed asset autonomously regarding industrial safety requirements and other factors.</p> <p>The procedure for accrual of depreciation of the reconstructed (upgraded) fixed asset shall be determined as follows:</p> <p>depreciation is estimated through increased by the amount of reconstruction (upgrades) original cost and a full useful life of the fixed asset (without regard to the actual period of operation).</p>	<p>When purchasing used fixed assets JSC SGC TGC-8 shall have the right to determine the depreciation rate related to this asset regarding the useful life reduced by the number of years (months) of this asset operation by previous owners.</p> <p>If the period of the actual use of the given fixed asset by previous owners happens to be equal or exceeding its useful life specified by the fixed assets classification and approved by the Russian Federation Government, JSC SGC TGC-8 shall be entitled to specify the useful life of this fixed asset autonomously regarding industrial safety requirements and other factors.</p> <p>The procedure for accrual of depreciation of the reconstructed (upgraded) fixed asset shall be determined as follows:</p> <p>depreciation is estimated through increased by the amount of reconstruction (upgrades) original cost and a full useful life of the fixed asset (without regard to the actual period of operation).</p>
change in useful life	<p>In cases of improvement (rise) of originally approved performance rates of the fixed asset upon restructuring or upgrade the Company can review the useful life of this facility within the limits of the depreciation group which included such a fixed asset.</p>	<p>JSC SGC TGC-8 shall be entitled to extend the useful life of the fixed asset upon its commissioning date if upon reconstruction, upgrade or technical reequipment of such an asset its useful life has extended. At the same time the useful life of fixed assets can be extended within the period established for the depreciation group which has included this fixed asset.</p> <p>If upon reconstruction, upgrade or technical reequipment of the fixed asset its useful life has not extended JSC SGC TGC-8 shall have the right to account the remaining period of its useful life when accruing depreciation.</p>
charging off some fixed assets cost	<p>The cost of printed publications included in the library stock shall be debited to Account 01 Fixed Assets from the Account 08 Noncurrent Assets Investment. Above said fixed assets are not depreciated. Upon their retirement their cost shall be charged off.</p>	
the date of depreciation on	<p>Immovable assets covered by capital investment and having relevant accounting acceptance documents as well as documents applied for</p>	<p>Immovable assets covered by capital investment and having relevant accounting acceptance documents as well as documents</p>

<i>Accounting Policy Provision</i>	Accounting	Tax Accounting
immovable assets	state registration shall be recorded as fixed assets upon commissioning. These assets depreciation shall be accrued according to the applicable procedure.	applied for state registration shall be recorded as fixed assets upon commissioning. these assets depreciation shall be accrued according to the applicable procedure.
fixed assets retirement	Fixed assets charge-off costs and income, their sale or other retirement shall be accounted as operating costs and income. Costs of fixed assets charged off as a result of accidents, natural disasters or other emergencies shall be accounted as extraordinary costs.	Fixed assets retirement costs shall be viewed as the asset depreciation value as well as retirement-related costs (storage, transportation, disassembly, etc.). Costs of fixed assets charged off as a result of accidents, natural disasters or other emergencies shall be accounted as overhead costs. The depreciated assets sale loss shall be accounted in equal shares within the period specified as the difference between the useful life of this asset and actual operational life up to the sale. Fixed assets gratuitous transfer (donation) shall not be accounted for taxation. Retired assets liquidation costs including underaccrued according to the established useful life depreciation of retired (charged-off) fixed assets shall be included in overhead costs. Revenues in the form of the cost of materials obtained upon disassembly or liquidation of decommissioned fixed assets shall be overhead costs.
		The shortage of on-site or stored fixed assets as well as theft losses with unidentified guilty persons shall be made equivalent to overhead costs. The fact of guilty persons absence shall be documented by the authorised official.

Inventories

Provisions of this Section are applicable to the equipment and installations only.

Accounting Policy Provision	Accounting	Tax Accounting
inventories structure	The inventories accounting shall comply with Inventories Accounting Regulation (RAS 5/01) approved by the Decree of RF Ministry of Finance No.44n dated 9 th June 2001. Fixtures and fittings as well as instrument with less than a year-long useful life shall be recorded as inventories on the Account 10	

Accounting Policy Provision	Accounting	Tax Accounting
	<p>Materials.</p> <p>Fixtures and fittings include:</p> <ul style="list-style-type: none"> - souvenirs, - personal organizers, - curtains and blinds, - wooden doors, - wooden wall charts, pictures and photos, - mirrors, - floor coating, - and other home furnishings. 	
inventories assessment	<p>Inventories accounting shall be based on actual purchase or production cost.</p> <p>Inventories purchase credit interest costs paid prior to the said inventories recording shall be included in inventories costs and upon their accounting shall be attributed to operating costs.</p> <p>The estimate of inventories received through unbilled deliveries including those used for maintenance and repair work and for capital construction shall be based on the average cost of similar inventories of the previous month.</p> <p>The inventories obtained under the gift contract as well as those remaining upon fixed assets and other property retirement shall be accounted on a current market value basis as of the date of recording.</p> <p>JSC SGC TGC-8's actual costs shall be included in the actual cost of inventory stock.</p> <p>Costs related to Procurement Directorate of the Executive Body maintenance (wages, business trips, training, etc.), as well as inventories force-account delivery costs shall not be included in the actual cost of inventories but charged to overhead costs of the month in which they were produced.</p> <p>Purchased goods including electric power for resale or provision of bilateral power sales contracts in a free trade sector shall be put on Account 41 Goods at purchase prices.</p> <p>Sum differences resulted from inventories purchase upon their recording shall be included into overhead costs.</p>	
inventories actual cost accounting	<p>The actual cost of materials and equipment shall not apply to Accounts 15 Procurement and Acquisition of Tangibles and 16 Deviation in the Cost of Tangibles on the Account 10 Materials and Account 07 Installation Equipment. The actual price shall be the delivery price under contracts with suppliers.</p>	
type-based inventories accounting	<p>The inventory stock costs whose useful life exceeds 12 months (computer and copy equipment, household appliances, furniture, telecommunications, etc.) shall be charged to production costs as far as they are commissioned. To provide their safety the applicable quantity control and accounting shall be maintained on the off-balance Account 016.</p>	
working clothes	Working clothes shall be put on Account 10, Sub-Account 10	Working clothes and other personal and collective protective equipment

Accounting Policy Provision	Accounting	Tax Accounting
Accounting	<p>"Working Clothes in the Storehouse" regardless of the useful life. The cost of working clothes whose useful life does not exceed 12 months shall be charged to the debit of production cost accounts at the time of their delivery (issue) to employees.</p> <p>The cost of working clothes whose useful life exceeds 12 months shall be paid off by the linear method based on the useful life envisaged in sector standards of free working clothes, footwear and other PPE delivery. The working clothes cost depreciation charges shall be disclosed on the debit of production cost accounts and credit of Account 10 "Materials", Sub-Account 11 "Working Clothes in Use". To keep them safe a proper quantity control shall be exercised on the special off-balance Account 016.</p>	acquisition costs stipulated by Russian Federation legislation as well as other unamortizable assets shall be included in inventory costs in the total amount as far as they are commissioned.
Charging-off (retirement) of inventories	<p>The estimate of inventory stock including fuel supplied to production or in case of other retirement shall be based on the average cost.</p> <p>The equipment to be installed shall be recorded on Account 08 Capital Construction and writing off shall be based on the average cost as well.</p>	Inventories cost in the form of surplus identified in the course of inventory and(or) property obtained upon disassembly of decommissioned fixed assets shall be specified as the tax amount calculated on the income under their capitalization that is under their transfer to production shall decrease the tax base related to the profit tax in the amount of 24% of their capitalization price (Art.254 of RF TC).

Deferred Costs

Accounting Policy Provision	Accounting	Tax Accounting
Deferred costs structure	<p>This reporting period costs charged to the following reporting periods shall be accounted and disclosed on a separate line of a balance sheet as deferred charges and are subject to charging off evenly within the period they related to.</p> <p>Deferred costs shall include, in particular:</p> <ul style="list-style-type: none"> - production and installations start-up costs; - optional and compulsory insurance payments; - land recultivation and other environment-related costs; - license or other rights acquisition costs; 	

Accounting Policy Provision	Accounting	Tax Accounting
	<ul style="list-style-type: none"> - deferred leave allowances and deductions under the Uniform Social Tax; - other deferred costs.. <p>Deferred costs shall not include the assets retirement as prepayment of inventories and other tangibles, works and services if in compliance with the contract or requirement of the legislation or regulatory acts or business intercourse rules the reimbursement of said funds is possible including early termination of the contract. Such payments shall be qualified as advance payment (prepayment) and put on separate accounts with suppliers and contractors.</p>	
Deferred costs charging	<p>Deferred costs shall be charged by cost types on a ratable basis within the relevant period whose duration shall be specified as of the deferred costs accounting date.</p> <p>Deferred costs shall be charged to the capital investment or a corresponding cost type (according to common operations or other costs) depending on their assignment.</p>	

Research and Development Costs

Accounting Policy Provision	Accounting	Tax Accounting
R&D costs accounting	<p>R&D accounting shall be kept in compliance with R&D Costs Accounting Regulation (RAS 17/02 approved by the Decree of RF Ministry for Finance No. 115n dated 19.11.02.</p> <p>R&D accounting shall be governed by the Law No. 127-FZ dated 23.08.96 on Science and State Research and Technology Policy.</p> <p>R&D costs accounted shall include:</p> <ul style="list-style-type: none"> - those producing results which are subject to legal protection but not documented according to the established procedure; - those producing results which are not subject to legal protection. <p>For accounting R&D costs the following requirements shall be met:</p> <ul style="list-style-type: none"> - total cost shall be determined and confirmed; - execution of works has been documented (Acceptance Act, etc.); - works use for industrial and (or) management needs will result in obtaining future economic benefits (profit); - R&D outcome will meet production and (or) management needs and will contribute to gaining prospective profit (income). 	<p>Research and Development Costs shall include costs related to the producing new or upgraded products (goods, works or services) particularly, invention costs.</p> <p>R&D accounting shall be governed by the Law No. 127-FZ dated 23.08.96 on Science and State Research and Technology Policy.</p> <p>Research and Development Costs related to the producing new or upgraded products (goods, works or services) particularly, invention costs undertaken by JSC SGC TGC-8 on its own or in cooperation with other organizations (in the amount corresponding to JSC SGC TGC-8's share of expenses) as well as under contracts with JSC SGC TGC-8 as a Customer of such research or design shall be accepted for taxation purposes upon completed research or design and signing the Acceptance Act according to the procedure specified by the Article 262 of RF Tax Code.</p> <p>Above mentioned costs shall be on a ratable basis included into other costs related to the production and (or) sale within two years provided above research and design are applied in the production and (or) sale of</p>

		<p>goods (execution of works or provision of services) since the 1st day of the month following the month of this research accomplishment (separate stages of research).</p>
	<p>- works use for industrial and (or) management needs will result in obtaining future economic benefits (profit);</p> <p>- R&D work results can be demonstrated.</p> <p>In case of noncompliance with at least one of the above conditions the Company costs related to R&D and process works shall be regarded overhead costs of the reporting period.</p> <p>Overhead costs also shall include costs related to R&D and process works producing no positive effect.</p> <p>If costs related to R&D and process works in previous reporting periods were regarded overhead costs they shall not be regarded non-current assets in the following reporting periods.</p> <p>R&D works completion shall be documented by the Commission's Report which shall mandatory contain the following data:</p> <ul style="list-style-type: none"> - Date of the Report; - R&D facility name (identification number); - R&D total cost for each facility; - positive effect (no positive effect); - results availability for demonstration; - start date of application of obtained results in the production or management. 	<p>JSC SGC TGC-8's costs related to R&D and (or) process works executed to develop new or enhancement of existing applied technologies or new types of raw materials and consumables which have not produced a positive effect are also subject to be included into miscellaneous costs related to production and (or) sale on a ratable basis, within three years, in the amount of actual costs.</p> <p>If as a result of undertaken R&D expenditures JSC SGC TGC-8 obtains exclusive rights for intellectual property stated in p.3 Article 257 of the Tax Code these shall be regarded intangible assets which are subject to amortization according to p.2 Article 258 of the Tax Code.</p>

	<p>Completed (documented by the Commission's Report) and produced positive effects R&D costs shall be transferred to structural subdivisions – R&D customers under the agreement with the corresponding Directorate (Deputy General Director for Relevant Sector) by the Cost Centre (structural subdivision –IT Directorate).</p> <p>R&D costs shall be debited to ordinary activities costs since the 1st day of the month following the month of actual application of obtained R&D results to manufacture products (execute works or provide services) or to meet Company management needs.</p> <p>Costs related to R&D (producing positive results) in the form of fixed assets shall be debited to ordinary activities costs by linear method within 2 years.</p>	
--	--	--

Goods, Works and Services Production and Selling Costs Accounting

Accounting Policy Provision	Accounting	Tax Accounting
Cost accounting	<p>Cost item-based accounting shall comply with the Guidelines for Planning and Calculation of Heat and Power Prime Cost, in Power Systems and Power Plants as well as Cost of Power Transmission and Distribution in Power and Heat Network approved by Ministry of Energy of USSR dated 18.03.70.</p> <p>The internal division of cost accounting in JSC SGC TGC-8 shall be based on the following types of activity:</p> <ul style="list-style-type: none"> - electric power generation; - heat power generation; - heat power supply services; 	

Accounting Policy Provision	Accounting	Tax Accounting
	<ul style="list-style-type: none"> - sales; - technical services; - other services of technical nature; - other services of nontechnical nature. 	
Production accounting method	<p>JSC SGC TGC-8 shall apply process cost accounting and calculation system. The principal method of production records is cost totaling.</p> <p>Structural subdivisions' costs shall be included into JSC SGC TGC-8's power system products' cost and structural subdivision's costs shall be reimbursed by JSC SGC TGC-8 according to interplant estimates.</p> <p>The total prime cost of products shall be determined as a cost estimate of natural resources, raw materials, fuel, power, fixed assets and labour resources used in the production as well as other production and sale costs of all structural subdivisions of JSC SGC TGC-8.</p> <p>Production costs of power plants shall be distributed between electric and heat power in proportion to the standard fuel consumption. In the heat network all sum of expenses shall be charged to heat power.</p>	
Allocation of general production and general running costs	<p>General production and running costs of JSC SGC TGC-8 shall be recorded on Accounts 25 General Production Costs and 26 General Running Costs correspondingly. At the same time within the reporting period these costs shall be charged as relevant products manufacturing costs in direct proportion to these products' direct costs without regard to purchased power which is accounted when calculating the power prime cost separately, as part of costs.</p> <p>General production and running costs shall not refer to force account capital construction for own needs.</p> <p>Methodology for cost collection, accounting, distribution and generation of the prime cost shall be regulated by a special order document of JSC SGC TGC-8.</p>	
Fixed assets repair costs as part of prime cost	<p>The activities-based prime cost shall include the amount of fixed assets repair in the amount of actually incurred costs within the given reporting period.</p>	
Record of cumulative hours worked related to the reporting period	<p>To record cumulative hours worked by separate employee categories the accounting period shall be the year. Overtime work shall be paid in the amount approved by the collective agreement (and Art. 152 of the Tax Code) and within the limits specified by Art.99 of the Tax Code (not exceeding 120 hours a year).</p>	
Products sale accounting and profit estimate	<p>Products (works, services) sales accounting for the purposes of accounting and taxation shall be recorded as far as the products are unloaded (works or services are provided) and the invoice is issued unless otherwise specified by legislation and regulatory acts.</p> <p>When products are supplied to household consumers the disposal date (according to Art. 544 RF TC) shall be the date of presentation (payment) of the bill containing data on the amount of consumed electricity to the Bill Payment Service Centres).</p>	
Accounting analytics general requirements	<p><i>The calculation variant of accounting power and heat production and costs shall be established. The similar scheme shall be applied to joint products costs.</i></p>	<p>JSC SGC TGC-8's tax accounting shall be based on the Guidelines of RAS 18/02 Profit Tax Accounting with specification of tax differences.</p>

Accounting Policy Provision	Accounting	Tax Accounting
	<p>Cost of sales accounting shall be kept for each affiliate and production subdivision of the affiliate as well as for each kind of product, service and operation.</p> <p>Cost accounting shall be based on kinds of products (works, services), technological processes, operations, nomenclature cost items and cost elements.</p>	<p><i>To keep analytic accounting of permanent and temporary deductible and taxable differences the method of keeping tax registers and analytic accountant's notices shall be applied.</i></p> <p>To keep tax assets and obligations the JSC SGC TGC-8's executive Body's gross book accounts shall be used.</p>

Settlements

Accounting Policy Provision	Accounting	Tax Accounting
Settlements with suppliers and contractors	<p>All settlements related to purchased tangibles, accepted works or consumed services shall be reflected on Account 60 Settlements with Suppliers and Contractors irrespective of the time of payment.</p> <p>Irrespective of commodities and materials estimate in the analytical accounting, Account 60 Settlements with Suppliers and Contractors shall be credited in synthetic accounting according to supplier's settlement documents.</p> <p>For unbilled deliveries Account 60 Settlements with Suppliers and Contractors shall be credited for the cost of obtained tangibles based on the price and conditions specified in the contracts.</p> <p>Account 60 Settlements with Suppliers and Contractors shall be debited for discharge of obligations amounts (settlement of accounts) including advance payment into correspondence with accounts, etc.</p> <p>At the end of each month the succession of accounts shall be renewed that is advance payments both received and paid out shall be automatically accounted, currency accounts will be re-estimated and rate and sum differences shall be recorded.</p>	
Internal settlements	<p>The Account 79 shall reflect separate structural subdivisions' inter-accounting through the Department and Department accounting with structural subdivisions.</p> <p>In the consolidated balance sheet of JSC SGC TGC-8 the balance of running costs shall be mutually settled and excluded from the overall balance.</p>	
Customer accounts receivable estimate	Accounts receivable of heat and power customers shall be accounted as the amount of bills based on validated prices and tariffs.	
Other accounts receivable estimate	Settlements with other debtors and claim-related settlements shall be reflected in accounts and reporting with respect to contract prices and settlement balances.	
Accounts payable estimate	<p>Accounts payable to suppliers and other creditors shall be recorded as the amount of accepted accounts and accrued liabilities according to settlement documents.</p> <p>Accounts payable under unbilled deliveries shall be recorded as the amount of obtained tangibles based on the contract price and conditions.</p>	

Credits and Loans

Accounting Policy Provision	Accounting	Tax Accounting
-----------------------------	------------	----------------

Accounting Policy Provision	Accounting	Tax Accounting
Estimate	<p>Accounting of credits and loans shall be kept pursuant to the Regulation on Accounting of Credits and Loans and their Maintenance Costs RAS 15/01 approved by the Decree of RF Ministry for Finance No. 60 N dated 02.08.2001.</p> <p>Credits and loans payable shall be recorded and reflected in the reporting regarding interest payable as of the end of the reporting period.</p> <p>Amounts of interest accrued shall be recorded on a separate basis.</p> <p>Additional costs directly related to obtaining loans and credits and allocation of borrowed funds shall be included in costs of the corresponding reporting period. .</p> <p>Due income debenture accrual (interest, discounts) shall be reflected in corresponding reporting periods under the contracts executed.</p>	
Procedure for indebtedness accounting	<p>Long-term credit and loan debts shall be transferred into short-term ones if under loan or credit contracts 365 days are left prior to the repayment of the debt basic sum.</p>	
Bonds issue accounting	<p>Bond issue accounting shall comply with RAS 15/01 requirements Credits and Loans Accounting on Account 67 Long-Term Credits and Loans Accounting.</p> <p>The accrual of interest to be paid to the loaner on a quarterly basis.</p> <p>The document flow and bond transactions accounting procedure can be regulated by special by-laws.</p>	

Finished Products

Accounting Policy Provision	Accounting	Tax Accounting
Finished Products	<p>Finished Products shall be recorded by actual production cost on Account 43 Finished Products.</p> <p>The current finished products accounting shall be based on accounting prices which shall be the production cost developed by the total nomenclature of calculation items.</p>	

Financial Investment

Accounting Policy Provision	Accounting	Tax Accounting
Financial investment estimate	<p>Financial investment accounting shall comply with Financial Investment RAS 19/02 Accounting Regulation approved by the Decree of RF Ministry for Finance No.126n, dated 10.12.02.</p> <p>Financial investment shall be recorded by the original cost. The original cost of purchased financial investment shall be the</p>	

Accounting Policy Provision	Accounting	Tax Accounting
	<p>amount of actual organizational acquisition costs excluding value-added tax and other compensated taxes (except for cases specified by the Russian Federation tax and duty legislation).</p> <p>Sum differences arisen under acquisition of financial investment prior to their recording shall be included in actual costs. With respect to debt securities, the actual cost sum and nominal value difference shall not be attributed to financial results.</p>	
financial investment classification based on the period of use.	<p>Financial investment shall be divided into long-term and short-term ones based on the expected period of use. The analytical accounting on Account 58 Financial Investment shall ensure obtaining long-term and short-term financial investment data.</p>	
financial investment control	<p>Financial investment control shall be exercised by the Shareholder Department of the Executive Body of JSC SGC TGC-8.</p> <p>The adjustment of financial investment cost to the current market price in cases specified by RAS 19/02 shall be based on the re-estimate of the financial investment as of the annual accounting date and the documents submitted to the Accounting Department by the Shareholder Department .</p>	<p>The amounts of allocation to investment impairment allowance shall be costs excluded from profit taxation according to p.10, Art. 270.</p>
	<p>As of the 31st December of the reporting year provided the availability of the documents submitted to the Accounting Department by the Shareholder Department containing indications of the financial investment impairment, the investment impairment allowance shall be founded.</p> <p>The allowance shall be based on the difference between the book value and estimated value of such financial investment.</p> <p>If the investment impairment inspection identifies the subsequent reduction of their estimated value the amount of earlier founded impairment allowance will adjust to increase or to decrease the result included in the operating costs.</p> <p>Also, under retirement of the financial investment whose estimated value has included in the estimate of the investment impairment allowance the amount of earlier founded allowance shall be attributed to the financial results included in the operating costs at the end of the year or the reporting period of retirement.</p>	

Accounting Policy Provision	Accounting	Tax Accounting
financial investment retirement	<p>As soon as the asset recorded as financial investment with unspecified market value is retired, its cost shall be determined by the original cost of each item of financial investment accounting.</p> <p>As soon as the assets recorded as financial investment with a certain current market value is retired, its cost shall be based on the last estimate.</p>	

Goods, Works and Services Sales Proceeds

Accounting Policy Provision	Accounting	Tax Accounting
proceeds accounting method	<p>Products, goods, works and services sales proceeds shall be recorded pursuant to the Accounting Regulation Organization Revenues RAS 9/99 approved by the Decree of the Ministry for Finance No.32n dated 6th May 1999.</p> <p>Products, goods, works and services sales proceeds shall be admitted in compliance with allowance for a time certainty of a contingency (with respect to delivery) and presentation of settlement documents.</p>	
proceeds accounting procedure	<p>The accounting of goods, works and services sales proceeds shall be based on kinds of activities.</p> <p>At the same time general ordinary activities revenues of JSC SGC TGC-8 shall be the proceeds from heat and power sale by established tariffs, other goods, works and industrial services sale (including rent), other goods, works and nonindustrial services sale and other activities which shall be ordinary for the organization.</p>	<p>Products (works or services) sales proceeds shall be based on the accrual method as of the date of sale (right of ownership transfer).</p> <p>Under products (works, services) excluding heat and power sale the date of ownership transfer shall be specified under the contract conditions and in case of absence of such a condition in the contract it shall be specified in compliance with Article 223 of RF Tax Code as the moment of products (works outcomes, services) transfer fixed in the acceptance document (consignment note or Acceptance Report).</p>
	<p>Proceeds different from other kinds of activities shall be regarded to be other income.</p> <p>Electric and heat power sale proceeds shall be put on accounts of the Executive Body of JSC SGC TGC-8.</p> <p>Other activities proceeds shall be put on affiliates' accounts.</p> <p>Procurement Directorates of JSC SGC TGC-8 shall finalize primary accounting documents – accounts, Work Reports and invoices; form the sales ledger and purchase ledger related to obtained advance payments and transfer them to the Accounting Department of the Executive Body for accounting.</p>	<p>Heat and power sale proceeds shall be regarded as follows:</p> <ol style="list-style-type: none"> 1. Heat and power sale to legal entities shall be recognized as of the last calendar date of the month within which the invoice of consumed power is processed on the basis of consumed power identified through device indications. 2. Heat and power sale to individuals shall be recognized pursuant to Article 544 of RF Tax Code as of the date of the presentation of the bill stating the fact of consumption and amount of consumed power to the consumer. <p>2a In case of the legal entity consumer transfer to the advance electric power payment the total sales income shall be determined on</p>

Accounting Policy Provision	Accounting	Tax Accounting
		<p>the basis of set tariffs and the period of advance payment under contract conditions.</p> <p>2b Power sale to individuals, who are provided with utility payment benefits subsequently compensated from relevant budgets in compliance with Russian Federation legislation, shall be recognized due to the current tariffs with account of benefits.</p> <p>In cases of assignment of right of demand for products (works, services) sales income to the third party prior to the payment date specified in the contract, the total products (works, services) sales income shall be recognized in full for the purpose of taxation and a negative difference between the right of demand sales income and products (works, services) sales income shall be included in overhead costs with account of requirements of Articles 279 and 269 of RF Tax Code.</p>
		<p>Purchased goods sale income shall be based on the accrual method as of the date of sale specified under the contract conditions and in case of the absence of the given condition in the contract – pursuant to Article 223 of RF Tax Code.</p> <p>Property and property rights sales income shall be based on the accrual method as of the date of sale.</p> <p>Securities sales income shall be set equal to other retirement income (including redemption) of securities.</p> <p>Other assets sales income shall include fixed assets sales income not included in amortizable assets (with the original cost up to and including 10, 000 rubles).</p> <p>Securities sales income shall be specified on the basis of the sales price or other retirement as well as the total accumulated interest (coupon) income except for the total accumulated interest (coupon) income accounted earlier for taxation as part of extraordinary income.</p> <p>With this the taxable sales price shall be the actual sales price provided the compliance with requirements of Article 280 of RF Tax</p>

Accounting Policy Provision	Accounting	Tax Accounting
		Code for circulating and non-circulating securities in the Formal Security Market. Taxpayer income related to securities sale or other retirement (including redemption), denominated in the foreign currency
		shall be based on the rate of the Russian Federation Central Bank applicable as of the date of right of ownership transfer or as of the redemption date. At that the selling price for taxation purposes shall be the actual selling price under condition

Profit Use and Distribution

Accounting Policy Provision	Accounting	Tax Accounting
authorization	The use of JSC SGC TGC-8's profit received upon profits tax and similar payments charges including sanctions for noncompliance with taxation regulations shall be approved by the General Meeting of Shareholders.	
establishment of funds	Pursuant to Article 8 of the Charter of JSC SGC TGC-8 the Company shall establish a Reserve Fund in the amount of 5 % of the Charter Capital. The amount of obligatory deductions to be transferred to the Company Reserve Fund shall be 5 (five) percent of the Company net profits until the Reserve Fund reaches the established amount. The Reserve Fund shall be established to cover Company losses as well as to redeem bonds and shares of the Company in case of other funds absence. The Reserve Fund of the Company shall not be used for other purposes. In addition, according to the Charter the Company shall be entitled to form other funds providing its financial and business activity in compliance with requirements of the Russian Federation legislation.	
Provision for doubtful debts	The reserve for doubtful debts shall be established pursuant to p. 70 of the Ministry of Finance Decree No.34n annually upon the accounts receivable inventory of JSC SGC TGC-8. The procedure for the establishment of the reserve for doubtful debts in the accounting shall be based on the same principles that exist in the tax accounting..	The reserve shall be established in compliance with Art.266 of RF Tax Code. The doubtful debt shall be the debt to the tax payer arisen upon sale of goods, execution of works or provision of services if this debt had not been redeemed within the period specified by the contract and had not been secured by the pledge, warranting or bank's guarantee. The inventory of financial obligations with respect to the foundation of the reserve for doubtful debts shall be proceeded on a quarterly basis as of the last date of the last month of the quarter and shall be estimated as follows: 1) with respect to doubtful debts with over 90-day period –

Accounting Policy Provision	Accounting	Tax Accounting
		<p>the amount of established reserve shall include the total amount of post-inventory identified indebtedness;</p> <p>2) with respect to doubtful debts with 45 through 90-day period - the amount of the reserve shall include 50 percent of post-inventory identified indebtedness;</p> <p>3) with respect to doubtful debts with up to 45-day period – the reserve in progress shall not increase.</p> <p>At the same time the amount of the doubtful debts reserve in progress shall not exceed 10 percent of the reporting (tax) period specified in compliance with the Article 249 of the Tax Code.</p> <p>- for reference (including on a group basis)- uncollectable (p.2 Art.266 TC).</p> <p>The amounts of deductions to the reserve for doubtful debts shall be included in overhead costs as of the last day of the reporting (tax) period.</p>

Other Revenues and Costs

Accounting Policy Provision	Accounting	Tax Accounting
operating revenues structure	<p>Operating Revenues shall be:</p> <ul style="list-style-type: none"> - operating revenues shall be proceeds related to the participation in Charter Capitals of other organizations; - interest obtained for the use of monetary funds as well as bank interest for the use of account monetary funds; - profit gained under Partnership Contract; 	<ul style="list-style-type: none"> - the overhead revenue from share participation in other organizations except for the revenues directed to payment of additional shares (fractions) placed with shareholders (participants) of the organization (Art.250, p.1); - the overhead revenue in the form of interest obtained under credit, loan, bank account and bank deposit (Art.250, p.6); - the overhead revenue in the form of the income distributed in favour of the taxpayer participating in a partnership and accounted according to the procedure stipulated by Article 278 of the Tax Code (Art.250,p.9);

	- proceeds from the sale of fixed and other assets different from monetary funds (except foreign currency) or products;	- proceeds from goods (works, services) sale and property rights. Sales income shall be specified according to the procedure stipulated by Article 249 of the Tax Code regarding provisions of this Chapter (Art.248); Specifics of the tax base for security transactions are defined in Article 280 of the Tax Code.
	- proceeds (capitalization) of tangibles resulted from liquidation, depreciation or repair of fixed or other assets;	- the overhead revenue in the form of the cost of obtained materials or other assets under disassembly of decommissioned fixed assets (except for cases specified in sub-item 18, item 1, Article 251 of the Tax Code) (Art.250, i.13);
	- sums of reestablished reserves for doubtful debts under investment impairment or decrease in inventories value;	- the overhead revenue in the form of amounts of reestablished reserves whose establishment costs were specified by Articles 266, 324 and 324.1 of the Tax Code (Art.250, i.7);
	- other operating revenues.	
Overhead revenues structure	The overhead revenues will be regarded:	
	- fines, penalties and interest in arrears for the violation of contract terms admitted according to the established procedure and to court decisions;	- the overhead revenue in the form of recognized by the debtor under the final court fines, penalties and (or) other sanctions for violation of contract obligations (Art.250, i.3);
	- free assets acquisition;	- the overhead revenue in the form of free assets (works, services) or property rights except for cases indicated in Article 251 of the Tax Code (Art.250, i.8);
	- past years income;	- the overhead revenue in the form of past years income identified in the reporting (tax) period (Art.250, i.10);
	- accounts receivable and payable with the expired period;	- the overhead revenue in the form of accounts payable (obligations to creditors) written-off due to the expired period or to other circumstances except for cases specified in the sub-item 21, item 1, Article 251 of the Tax Code (Art.250, i.18);
	- proceeds to compensate incurred losses;	- the overhead revenue in the form of loss and damage compensation amounts (Art.250, i.3);
	- post-inventory surplus assets;	- the overhead revenue in the form of surplus inventories and other property identified by the inventory (Art.250, i.20);

	- tender offer proceeds;	- proceeds from sales of goods (работ, услуг) and property rights. Sales proceeds shall be specified according to the procedure stipulated by the Article 249 of the tax Code regarding provisions of this Chapter (Art.248);
	- rate differences;	- the overhead revenue in the form of the foreign exchange gain arising from the revaluation of assets in the form of currency values (except for securities denominated in the foreign currency) and claims (obligations) whose value is denominated in the foreign currency including currency bank accounts and effected due to the change in the RF ruble – foreign currency official rate established by the Russian Federation Central Bank (Art.250, i.11);
	- other overhead revenues.	
Extraordinary revenues structure	Extraordinary revenues shall be the revenues resulted from force majeure – acts of God, fires, accidents, nationalization, etc.:	
	- associated with assets expropriation (compensation);	
	- insurance indemnity in the case of the earthquake or other natural disaster;	- the overhead revenue in the form of the loss and damage compensation amount (Art.250, i.3);
	- value of tangibles remaining upon writing-off unusable assets damaged as a result of force majeure;	- the overhead revenue in the form of the cost of obtained materials or other assets under disassembly of decommissioned fixed assets (except for cases specified in sub-item 18, item 1, Article 251 of the Tax Code) (Art.250, i.13);
	- other extraordinary revenues.	
Sum differences accounting	Sum differences arising in the current reporting year related to products, goods, works and services sales, procurement of fixed assets, inventories and other assets shall be taken into account when adjusting sales proceeds and actual cost of assets. In other cases sum differences shall be referred to other revenues and costs regarding links between costs and earnings (revenues and costs relevance). In case of sale sum differences shall be accounted for the date of accounts receivable redemption (in case of prepayment – as of the disposal date). In case of purchase sum differences shall be accounted for the date of accounts payable redemption (in case of prepayment – as of the date of ownership transfer).	
Operating costs structure	Operating costs shall be:	
	- costs related to participation in Charter Capitals of other organizations;	Specifics of determining the tax base by income obtained under transfer of assets to the Charter (Reserve) Capital (fund, fund assets) is stipulated by Article 277 of the Tax Code.
	- interest paid for provision of monetary funds (credits and loans);	- overhead costs in the form of any debt liabilities interest including interest related to securities and other liabilities issued by the Issuer tax

	<p>payer regarding specifics stipulated by the Article 269 of the Tax Code as well as interest paid due to restructuring the tax and duty indebtedness in compliance with the procedure specified by the Russian Federation Government (Art.265, i.2);</p> <p>- goods sale costs.</p> <p>When selling goods the tax payer shall have the right to decrease such transactions income by the cost of sold goods specified as follows:</p>
<p>- costs related to the sale of fixed and other assets different from monetary funds (except for foreign currency) or products;</p>	<p>1) when selling depreciable assets – by assets book value specified according to item 1, Article 257 of the Tax Code;</p> <p>2) when selling other assets (except for securities, home-grown products and purchased goods) – by the purchase (manufacture) price of these assets;</p> <p>When selling assets indicated in this Article the tax payer shall also have the right to decrease such transactions income by the amount of costs directly related to such a sale, particularly, storage, service and transportation of the assets on sale. At the same time when selling purchased goods costs related to their acquisition and sale shall be formed regarding provisions of the Article 320 of the Tax Code.</p> <p>3. If the book value of depreciable assets indicated in sub-item 1, item 1 of this Article regarding sale-relating costs exceeds the sales proceeds the difference between these two values shall be the taxpayer loss accounted for taxation purposes as follows: the incurred loss shall be included in other costs of the taxpayer in equal shares within the period specified as the difference between the useful life of this asset and its actual operation period up to its sale (Art.268);</p> <p>Specifics of the security transactions tax base estimate are specified in Article 280 of the Tax Code.</p>
<p>- costs related to payment of credit organizations (banks) services;</p>	<p>- bank services overhead costs including relating to installation and operation of computer systems of document flow between the bank and clients including "client–bank" system (Art.265, i.15);</p>
<p>- maintenance costs related to removed from operation facilities;</p>	<p>- overhead costs relating to conservation and removal from storage of production capacities and facilities including costs related to removed from operation production capacities and facilities maintenance (Art.265, i.9);</p>
<p>- costs related to the service of financial investments including the</p>	<p>- overhead costs related to taxpayer's securities service including</p>

	payment for bank or depository service related to security storage or submission of securities account statements;	register holder's services payment, costs of obtaining information in compliance with Russian Federation legislation and other similar costs (Art.265, i.4);
	- shareholder register services cost;	- overhead costs related to own securities issue, particularly to the preparation of the Securities Prospectus, production or acquisition of forms, registration of securities, costs related to the service of own securities including register holder, depository and interest (dividend) paying agent services costs, register holding cost and provision of shareholders with information pursuant to the Russian Federation legislation and other costs (Art.265, i.3);
	- deductions to valuation reserves (for doubtful debts, investment impairment or inventories value decrease), as well as reserves established upon recognition of contingencies;	- overhead costs of the taxpayer applying the accrual method for forming reserves for doubtful debts (according to the procedure stipulated by Article 266 of the Tax Code) (Art.265, i.7); - costs not accounted for taxation purposes in the form of the sums of deductions to the securities investment impairment allowance established by organizations in compliance with the Russian Federation legislation (Art.270, i.10);
	- additional costs based on obtaining credits and loans;	- bank services overhead costs including relating to installation and operation of computer systems of document flow between the bank and clients including "client-bank" system (Art.265, i.15);
	- costs related to conducting shareholder meetings, including conference-hall rent, announcements of shareholder meetings media publication and others;	- overhead costs related to conducting shareholder meetings (participants or co-owners) particularly costs related to the rent of premises, preparation and delivery of meeting information and other costs directly related to the meeting (Art.265, i.16);
	- costs related to payment of remunerations and compensations to Board members;	- costs not accounted for taxation purposes in the form of any management or employee remuneration costs except for remunerations paid under employment agreements (contracts) (Art.270, i.21);
	- costs related to securities tax payment;	- other production and (or) sale costs. The amounts of taxes and duties accrued according to the procedure specified by the Russian Federation legislation except for enlisted in Article 270 of the Tax Code (Art.264, i.1);
	- other operating costs ;	
Overhead costs structure	Overhead costs shall be:	
	- compensation of losses incurred by the organization;	- overhead costs related to losses compensation (Art.265, i.13);

- past years losses identified in the reporting year;	- overhead costs in the form of losses related to past tax periods identified in the reporting (tax) period (Art.265, i.2/1);
- fines, penalties and interest in arrears for the violation of contract terms admitted according to the established procedure and to court decisions;	- overhead costs in the form of recognized by the debtor or subject to payment under the final court fines, penalties and (or) other sanctions for violation of contract obligations (Art.265, i.13);
- fines imposed on the organisation under administrative law;	- costs not accounted for taxation purposes in the form of fines and other sanctions imposed by state organizations which are entitled to impose such sanctions by the Russian Federation legislation (Art.270, i.2);
- legal costs;	- overhead costs – legal costs and arbitration fees (Art.265, i.10);
- enforcement proceeding costs;	- overhead costs in the form of other reasonable expenses (Art.265, i.20);
- amounts of accounts receivable with the expired period or other uncollectible debts;	- overhead costs in the form of uncollectable debts and if the taxpayer has chosen to establish a reserve by doubtful debts, the sum of uncollectable debts uncovered at the cost of reserve funds (Art.265, i.2/2);
- costs related to depreciation (liquidation) of fixed and other assets;	- overhead costs related to liquidation of decommissioned fixed assets including underaccrued according to the established useful life depreciation as well as costs of incomplete construction facilities and other property whose assembly is incomplete (disassembly, removal of disassembled assets costs), conservation of resources and other similar works (Art.265, i.8);
- costs related to free transfer of fixed and other assets;	- costs not accounted for taxation purposes in the form of the cost of donated property (works, services or property rights) and donation-related costs (Art.270, i.16);
- shortages and losses of tangibles in the absence of guilty persons;	- overhead costs in the form of shortages of tangibles in the production, storehouses and trade enterprises in the absence of guilty persons. In these cases the fact of guilty persons absence shall be documented by the authorised governmental body (Art.265, i.2/5);
- theft losses in the absence of guilty persons;	- overhead costs in the form of theft losses with unidentified guilty persons. In these cases the fact of guilty persons absence shall be documented by the authorised governmental body (Art.265, i.2/5);
- sector reforming costs;	- costs not accounted for taxation purposes and not compliant with criteria specified in item 1, Article 252 of the Tax Code (Art.270, i.49);
- Regional Power Commission and power supervision	- costs not accounted for taxation purposes and not compliant with

bodies;	criteria specified in item 1, Article 252 of the Tax Code (Art.270, i.49);
- social facilities maintenance costs;	- costs not accounted for taxation purposes and not compliant with criteria specified in item 1, Article 252 of the Tax Code (Art.270, i.49);
- costs related to sports, culture, recreation and other similar activities;	- costs not accounted for taxation purposes in the form of therapy, or trip tickets, excursions, traveling, attending sport clubs, visiting cultural or sport events and shows, subscription not related to standard and technical literature used for production purposes, for payment of employees' private goods as well as other similar costs in favour of employees (Art.270, i.29);
- charity costs;	- costs not accounted for taxation purposes in the form of the cost of transferred assets (works, services or property rights) and costs related to such a transfer (Art.270, i.16);
- welfare for employees, retired persons including utility bills payment;	- costs not accounted for taxation purposes in the form of the welfare to employees (including the initial instalment for the acquisition and (or) construction of housing, total or partial repayment of the credit provided for the acquisition and (or) construction of housing, interest-free or concessional loans for the improvement of housing conditions, household acquisition and other social needs) (Art.270, i.23);
- jubilee and retirement bonuses and similar payments under the collective agreement;	- costs not accounted for taxation purposes in the form of long-service bonuses, one time grants to retired labour veterans, share or Company's labour collective income (dividends or interest), price increase compensations exceeding income indexation according to Russian Federation government decisions, compensation of increased costs of canteen, snack-bar and preventive clinic meals or providing meals at reduced prices or free of charge (except for special meals for separate employee categories in cases specified by applicable legislation or stipulated by employment agreements 9contracts) and 9or) collective agreements (Art.270, i.25);
- sector awards acquisition costs;	- costs not accounted for taxation purposes in the form of the cost of donated property (works, services o) and donation-related costs (Art.270, i.16);
- trade union deductions;	- costs not accounted for taxation purposes in the form of funds transferred to trade unions (Art.270, i.20);
- Social payments UST;	- other production and (or) sale costs. The amounts of taxes and duties accrued according to the procedure specified by the Russian Federation legislation except for enlisted in

		Article 270 of the Tax Code (Art.264, i.1);
	- exchange differences;	- overhead costs in the form of the negative exchange difference arising from the revaluation of assets in the form of currency values (except for securities denominated in the foreign currency) and claims (obligations) whose value is denominated in the foreign currency including currency bank accounts and effected due to the change in the RF ruble – foreign currency official rate established by the Russian Federation Central Bank (Art.265, i.5);
	- other overhead costs.	
Some kinds of overhead costs	<p>Social costs like pension supplement to retired persons, recreation activities, housing and utility sector maintenance costs, financing social facilities and other social costs corresponding to RAS 10/99, shall be included in overhead costs and recorded on Account 91 Miscellaneous Revenues and Costs.</p> <p>The transfer of funds (contributions, payments, etc.) related to charity activities as well as sports, recreational activities, cultural, educating and other similar costs shall also be included into overhead costs.</p>	<p>Costs not accounted for taxation purposes in the form of losses related to service sector facilities including housing, utility, social and cultural sector facilities on the part exceeding the limit specified in compliance with Article 275.1 of the Tax Code (Art.270, i.13);</p> <p>Costs not accounted for taxation purposes in the form of therapy, or trip tickets, excursions, traveling, attending sport clubs, visiting cultural or sport events and shows as well as other similar costs in favour of employees (Art.270, i.29);</p>
Extraordinary costs structure	Extraordinary costs shall be the costs resulted from force majeure (acts of God, fires, accidents, nationalization, etc.).	Overhead costs in the form of losses resulted from acts of God, fires, accidents and other emergencies including costs related to prevention or elimination of natural disasters' or emergencies' aftereffects (Art.265, i.2/6).

4.14 Profit Tax Accounting

Accounting

Accounting

Policy Provision

Differences accounting

Accounting of permanent and temporary differences as well as permanent tax liabilities shall be kept pursuant to RAS 18/02 Profit Tax Accounting.

Information about permanent and temporary differences shall be based on primary records in ledgers. To estimate the current profit (loss) tax JSC SGC TGC-8's Executive Body shall keep accounting of profit tax conditional costs (income):

on Account 99 Profit and Loss, Sub-Account 03 – permanent tax liabilities (PTL);

on Account 09 Deferred Tax Assets – deferred tax assets (DTA);

on Account 77 Deferred Tax Liabilities– deferred tax liabilities.

When finalizing costs JSC SGC TGC-8's affiliates shall reflect accounting and tax differences in Reference No. 1; and with respect to other operations – operating and overhead revenues and costs – in Reference No.2.

Affiliates shall transfer references No.1 and No.2 to JSC SGC TGC-8's Executive Body on a monthly basis to have this information reflected on accounts.

Deferred tax assets and deferred tax liabilities shall be disclosed in the balance sheet

4.15 Profit Tax Accounting Policy

Accounting Policy Provision	Accounting
Advance payments procedure	<p>JSC SGC TGC-8 shall calculate and pay monthly advance payments based on actual profit calculated on an accrual basis since the beginning of the tax period till the end of the corresponding month. The amount of advance payments to be paid to the budget shall be estimated regarding formerly accrued sums of advance payments.</p> <p>Distribution of the profit tax as well as advance payment sums among separate structural subdivisions shall be calculated using the following formula:</p> $\text{Tax (subdiv.)} = \text{Tax (total)} * (((\text{AN (subdiv.)} / \text{AN (JSC)}) + (\text{AA(subdiv.)} / \text{AA(JSC)})) / 2),$ <p>where:</p> <p>AN (subdiv), (JSC) – the average number within the reporting period divided by the number of month in this period and structural subdivision and JSC SGC TGC-8 in general correspondingly;</p> <p>AA (subdiv), (JSC) – depreciation value of the amortizable assets as of the 1st date of each month divided by the number of months of the reporting period increased by 1, of the subdivision and of JSC SGC TGC-8 in general correspondingly.</p> <p>Profit tax and advance payments shall be made on a centralized basis regarding the Letter of Russia's FTS No. MM-6-02/916 dated 31.10.2005 on the Notice of the Changed Procedure for Profit Tax Payment by Organizations pursuant to which JSC SGC TGC-8 shall not allocate profit with each autonomous subdivision located on the territory of one RF subject and shall pay organizations' profit tax to RF subject's budget through the authorized autonomous subdivision for all autonomous subdivision subject to tax accounting in the same RF subject.</p>

Accounting Policy Provision	Accounting
Revenues and costs recognition procedure	Revenues and costs shall be based on the accrual method.
Direct and indirect costs structure	<p>Products manufacturing and sale costs shall be divided into direct and indirect costs.</p> <p>Direct costs shall relate to manufacturing and sale of products within the reporting (tax) period in the amount related to sold products. The said amount shall be estimated as all total direct costs incurred within the given reporting (tax) period with the deduction of total direct costs of uncompleted production, residual stock and residual shipped but unsold goods.</p> <p>Indirect costs shall be connected with manufacturing and sale of products within the accounting (tax) period incurred in full within the given accounting (tax) period, without distribution.</p> <p>Taking into account the specific character of the production in JSC SGC TGC-8 featuring the absence of uncompleted production and residual finished products as well as absence of shipped but unsold goods (the power property right shall be transferred alongside with shipment that is at the moment of registration of the amount of consumed power by devices); total direct and indirect costs incurred within the reporting (tax) period relate in full to the products manufacturing and sale costs minimizing the reporting (tax) period tax base</p>
	<p>Direct costs shall include:</p> <p>1. Inventory and equal costs compliant with Art. 254 of the Tax Code recognized as of the date of their allocation to the production (commissioning).</p> <p>Inventory costs shall include process losses of power for own and economic needs within reasonable and documented standards i.i.3, 7 Art.254 of RF TC.</p> <p>2. Labour costs including any monetary and (or) natural accruals, incentive accruals and bonuses, working conditions compensations, premium and lump-sum incentive accruals as well as employees support costs stipulated by RF legislation standards, employment contracts and collective agreement.</p> <p>At the same time to minimize the profit tax base the voluntary insurance costs shall comply with standards and requirements provided in Art. 255 of the Tax Code.</p> <p>Indicated costs shall be recorded as of the date of payment if they are paid evenly and distributed (recorded) in equal shares for the period of training if it is a lump-sum payment.</p> <p>Labour costs (except for factors specified for insurance fees) shall be recognized as monthly costs as of the accounting date.</p> <p>Upcoming holiday pay reserve shall not be established.</p> <p>Uniform Social Tax amounts accrued on labour costs accounted for taxation shall be recognized as monthly costs as of the accounting date.</p>
	Accumulation amortization amounts of intangible assets and fixed assets shall be recognized as part of monthly costs as of the

Accounting Policy Provision	Accounting
	<p>accounting date.</p> <p>Indirect costs shall include:</p> <p>Miscellaneous costs specified in Article.260-264 TC, including:</p> <ul style="list-style-type: none"> - Effective or ineffective resource development costs upon meeting certain requirements - in full actual costs (evenly within 12 months or 5 years based on the work type, beginning with the first date of the month following the month of given works completion); - Effective R&D costs shall be included in miscellaneous costs within 2 years since the 1st date of the month following the month of completed research. Ineffective R&D costs shall be included in costs regularly, within 3 years in the amount of actual costs. - All kinds of property compulsory insurance costs within the framework of set tariffs (as of the insurance payment date or regularly within the contract period under insurance contract conditions); - Some kinds of property voluntary insurance costs in the amount of actual costs in compliance with requirements of Article 263 of the Tax Code (as of the insurance payment or regularly within the contract period under insurance contract conditions); - Tax and dues amounts accrued in compliance with RF legislation except for the profit tax and payments for above-level pollutant emissions as well as amounts of the Uniform Social Tax accounted as part of direct costs. These costs shall include VAT amounts to be recorded pursuant to Article 170 of RF Tax Code and accrued pursuant to Article 159 of RF Tax Code and in other cases stipulated by legislation. Tax amounted shall be recognized costs as of the accounting date. - Travel costs (including per diem within established standards) (as of the back-to-office report approval); - Audit, legal, informational, consulting and other similar costs (as of the date of the Acceptance Report signature);
	<ul style="list-style-type: none"> - Financial reporting release and other information disclosure costs provided that this complies with RF legislation (as of the earliest dates– the date of Acceptance Report signature or actual date of release); - Representation costs in the amount of not more than 4% of labour costs (as of the date of Representation Costs Report approval); - Staff training and retraining costs in the amount of actual costs (as of the date of Service Provided Report signature); - Certain advertising costs (media advertising (including notices and commercials) and telecommunication networks; luminous and other outdoor advertising including producing displays and billboards; participation in exhibitions, fairs and expositions, window dressing, selling exhibitions, sample rooms and demonstration halls; devaluation of goods which totally or partially lost their initial qualities when exhibited) – in the amount of actual costs (as of the date of Service Provided Report signature); - Acquisition (manufacturing) costs of prizes awarded during public advertising campaigns as well as other kinds of advertising in the amount of 1% of unloading value (sales proceeds) (as of the date of Service Provided Report signature); - Obligatory industrial accident and professional disease social insurance payments pursuant to RF legislation (as of the accrual date); <p>Other non-production and (or) non-sale costs including:</p> <ul style="list-style-type: none"> -sale (retirement) of depreciable assets loss included into costs paid in equal shares within the period determined as the difference between depreciation date up to assets wear out and actual period of assets operation up to their sale (retirement). <p>Regarding the equivalence of direct and indirect costs effect on the own products sale tax base value within each reporting (tax) period, for the purpose of accounting JSC SGC TGC-8 shall classify primary activity (power supply) direct and indirect costs on a conditional basis</p>

Accounting Policy Provision	Accounting
	<p>only, with no lodger-based division.</p> <p>Securities sale (retirement) costs shall include:</p> <ol style="list-style-type: none"> 1. Acquisition price specified as securities acquisition actual total cost. 2. Total costs directly related to securities sale. 3. Total accumulated interest (coupon) income unaccounted previously under taxation as part of overhead revenues.
	<p>Purchased goods sale costs shall include:</p> <ol style="list-style-type: none"> 1. Cost of goods with respect to acquisition cost with the method of per unit evaluation method. At this, with respect to goods obtained on a gratis basis (including identified as surpluses upon inventory) the acquisition cost means the cost of their evaluation upon which they were accounted as assets and included in overhead income within the period of their acquisition (identification). 2. Production and marketing costs including: <ul style="list-style-type: none"> - direct (transportation) in the amount related to goods sold in the reporting (tax) period (the indicated amount shall be specified in compliance with Article 320 of RF TC and correspond to the specified one according to accounting regulations); - indirect (all other costs related to purchased goods sale) within the reporting (tax) period. <p>Property rights costs shall include:</p> <ol style="list-style-type: none"> 1. The price of the property right. Under assignment of right of demand arising upon fulfillment of obligations for goods (works and services) sale the acquisition price shall be determined as the total goods (works and services) sale income. Under assignment of right of demand arising upon this right acquisition from the third party the acquisition price shall be determined as an actual acquisition transaction price. 2. Total costs directly related to this property right enforcement. <p>Intangible and fixed assets sales costs shall include:</p> <ol style="list-style-type: none"> 1. Depreciation value of intangible or fixed assets (correspondingly). 2. Said assets sales costs (storage, transportation costs, etc.). <p>Other assets sales costs shall include:</p>
	<ol style="list-style-type: none"> 1. These assets acquisition price. With respect to assets obtained on a gratis basis (including identified as surpluses upon inventory) the acquisition cost means the cost of their evaluation upon which they were accounted as assets and included in overhead income within the period of their acquisition (identification). The acquisition price of the reusable waste shall be equal to the selling price pursuant to Article 254 of RF Tax Code. 2. Assets sales cost (storage, transportation costs, etc.)

Accounting Policy Provision	Accounting
	Other fixed assets sales costs amounting to 10,000 rubles not included in depreciable assets shall be recorded only as total transportation, storage and other costs.

4.16 Post Balance Sheet Date Events

Accounting Policy Provision	Accounting
Post Balance Sheet Date Event	The post balance sheet date event shall be the fact of business operations which has affected or may affect the financial status, cash flow or JSC SGC TGC-8's activity results and which took place within the period between the reporting date and date of signing the accounts for the reporting year. The post balance sheet date event shall be the announcement of annual dividends according to the established procedure upon the work results of the reporting year.
valuation of Post balance Sheet Date event Consequences	For the quantification of the post balance sheet date event the relevant settlement shall be made and confirmed. The settlement shall be drawn up by the department (affiliate) which the event relates to according to performed functions.
Post Balance Sheet Date Events Disclosure	Post balance sheet date events shall be reflected on accounts through the clarification of data on relevant assets, obligations, capital, revenues and costs of JSC SGC TGC-8 with the disclosure of the required information in the Executive Summary of the balance sheet.

4.17 Contingencies

Accounting Policy Provision	Accounting
Recognition of contingencies in financial accounts	The accounts of JSC SGC TGC-8 shall reflect all contingencies whose consequences and probability of the future occurrence are uncertain, i.e. the final result of which will be validated only upon occurrence (or nonoccurrence) of one or more uncertain events in future.
Contingencies structure	Contingencies shall include: <ul style="list-style-type: none"> • unfinished court proceedings as of the reporting date; • unfinished disagreements with tax authorities related to budget payments as of the reporting date; • guarantees and other kinds of securing obligations issued in favour of third parties whose maturity date is not reached; • discounted bills , whose maturity date is not reached; • other similar facts according to RAS 8/01 approved by the Decree of the Ministry for Finance No.96 dated 28.11.2001.
Procedure for	Contingent obligations (losses) arising due to the contingency shall be recorded in the synthetic and analytic accounting by closing turnovers

Accounting Policy Provision	Accounting
Contingencies recording	of the reporting period prior to the approval of the annual balance sheet. Contingent assets shall not be reflected in the accounting and information about them shall not be disclosed in the Executive Summary.
Contingency valuation	The value of the contingent loss (profit), obligation, or asset shall be estimated in case if this value can be reasonably estimated. The settlement shall be drawn up by the service which the contingency relates to.

4.18 Information about Affiliated Persons

Accounting Policy Provision	Accounting
Accounting Procedure	The information about affiliated persons of JSC SGC TGC-8 shall be included in the Executive Summary which is a part of accounting reporting. In doing so indicated data shall not be used for internal purposes, including reporting finalized for state statistical monitoring and credit organization or for some other purposes. The list of affiliated persons whose information is disclosed in financial statements shall be specified by the Company autonomously.

4.19 Government Assistance

Accounting Policy Provision

Accounting

Government assistance
accounting

The government assistance accounting shall comply with the Accounting Regulation Government Assistance Accounting (RAS 13/2000), approved by the Decree of the Ministry for Finance No. 92n dated 16th October 2000.

JSC SGC TGC-8 shall record information on receiving and use of the government assistance granted as subsidies, budget credits and other forms. At the same time budget funds for the accounting purposes shall divide into:

funding capital costs with respect to the procurement, construction or some other acquisition of fixed assets;

funding operating costs.

Budget funds shall be recorded on an ongoing basis. These costs shall be recorded as target financing provided for obtaining a sufficient confirmation of the commitment of JSC SGC TGC-8 to meet the requirements of their granting.

If there is a reasonable assurance that JSC SGC TGC-8 will meet the requirements of budget funds granting these funds shall be debited from the account of target financing as financial results increase.

Budget funds shall be debited from the account of target financing according to the procedure specified in i. 9 RAS 13/2000

5. Specifics of Tax-Based Estimate and Tax Base Determination

5.1 Value Added Tax Estimate

Tax base estimate related to the value added tax shall be effected as of the tax base identification according to requirements of article 167 of RF Tax Code as the earliest of the following dates:

- a) date of shipment (transfer) of goods (works, services) or property rights;
- b) date of payment and partial payment on account of oncoming delivery of goods (execution of works, provision of services or property rights transfer).

If in spite of the goods shipment or transportation failure the property rights are transferred such a transfer shall be made equivalent to their shipment.

VAT amounts presented by goods (works, services) sellers may be:

- a) accounted as part of the cost of such goods (works, services) whose use in production and (or) sales are exempt from taxation.
- b) compensated from the budget on transactions imposed at the rate of 0%.
- c) specified as deductions in compliance with requirements of Articles 169, 171 and 172 of RF Tax Code.

In case of the partial utilization of purchased goods (works, services) in the production on transactions exempt from taxation (housing services, children day care services, provision with holiday vouchers which shall be approved as report forms, to sanatoriums and rehabilitation facilities located in Russian Federation) tax amounts shall be accepted for deductions or accounted as part of other costs in compliance with requirements of p. 4 Article 170 of RF Tax Code, namely:

1. The methodology specified in sub-item 5, i. 4, Article 170 shall define shares (percentage) of shipped goods (works, services) or property rights cost, whose sale transactions are taxable (exempt from taxation), in the total cost of shipped goods (works, services) or property rights for the accounting period.
2. Based on indicated shares aggregate goods (works, services) or property rights production costs shall be defined correspondingly, whose sales transactions are taxable or exempt from taxation for the accounting period.
3. In case if the share of aggregate goods (works, services) or property rights production costs whose sale transactions are exempt from taxation does not exceed 5 percent of the total aggregate goods (works, services) or property rights production costs, all goods (works, services) production tax amounts are to be deducted in the given accounting period.
4. According to the similar procedure there shall be kept a separate accounting of tax amounts related to purchased goods (works, services) including fixed and intangible assets or property rights used for both taxable and exempt from taxation operations.

Tax amounts presented by suppliers to JSC SGC TGC-8 when purchasing goods (works, services) or property rights within the period of accounting indicated goods (works, services) or property rights shall be deducted in compliance with the following conditions:

1. Availability of invoice compliant with all requirements of Article 169 of RF Tax Code and RF Government Decree No. 914 dated 02.12.2000.
2. Transfer of the tax amount to the budget as a tax agent.
3. Documenting the acceptance of goods (works, services) or property rights in the established order.

The deductible VAT related to goods (works, services or property rights) purchased prior to 1st January 2006 shall be accepted upon payment. To provide the accurate generation of tax deductions a separate account of accounts payable prior to 1st January 2006 and afterwards shall be kept.

When using own assets for settlements (including third party's bills) the deductible amounts of the value added tax shall be calculated based on the balance cost of indicated assets.

When using own bill for settlements (or third party's bill received in exchange for own bill) the amounts of value added tax shall be calculated based on amounts actually paid by own bill. Under force account construction the taxation shall be effected as follows:

Since the 1st January 2006 in compliance with i. 5 Art. 172 of RF Tax Code (rev. of 22.07.2005) with respect to equipment and materials to be used for force account construction and installation works VAT shall be deductible as soon as equipment and materials are obtained based on primary documents and invoices.

In compliance with i. 3 Art. 3 of the Law No.119-FZ VAT related to such assets purchased prior to the 1st January 2006 shall be deductible upon accounting the constructed facility or upon incomplete capital construction sale.

Value added tax in respect of the whole force account facility cost shall be accrued as of the last date of the month of each reporting period documented by invoice. The VAT tax base shall be defined as works cost based on total actual costs.

VAT shall be deducted based on the processed invoice in the same amount within the tax period following the tax period of the facility commissioning.

With respect to construction of facilities under the contract the taxation shall include:

Tax amounts presented to the Company by contract organizations performing capital construction which were not accepted for deduction prior to the 1st January 2005 shall be deducted upon accounting relevant facilities of the completed capital construction or upon incomplete capital construction sale.

Tax amounts presented to the taxpayer since the 1st January 2005 up to 1st January 2006 by contract organizations under capital construction and not accepted for deduction shall be deducted within 2006 in equal shares on a tax period basis or earlier in a lump sum under this facility accounting or sale in 2006.

VAT related to purchased fixed assets and equipment not requiring installation (excluded from the construction cost estimate) shall be deducted in the reporting period of their recording and put on the Account 01.

Under goods (works, services) transfer for own needs whose costs are not deductible when calculating a profit tax of organizations (including depreciation cost) VAT tax base shall be defined as these goods (similar works, services) cost based on sale prices of similar (or in their absence homogeneous) goods (works, services) of the preceding tax period and in their absence based on market prices VAT excluded.

Power transmission transactions for own needs whose production costs in compliance with i.3 of the Instruction for Planning, Accounting and Calculation of Heat and Power Prime Cost in Power Grids and Power Plants, transmission and distribution costs approved by the Ministry of Energy and Electrification of the USSR No. 26-6/6 and No.39/4 dated 18.03.1970 shall be accounted as part of sold power costs and are not imposed by VAT.

With respect to sold products of VATable service facilities (canteens, housing and utility facilities, etc.) the VAT amounts for capitalized and paid inventories whose cost is assigned to the service facilities production and operation costs (Account 29 debit) shall be presented to the budget in full, according to the established procedure.

With respect to state and municipal property leasing transactions as well as in cases of goods (works, services) acquisition from foreign legal entities not registered by tax authorities on the RF territory as taxpayers, JSC SGC TGC-8 shall perform duties of the tax agent for calculation, retention and transfer to the budget value added tax amounts from these entities' income of the said transactions. Taxes related to performing tax agent functions shall be paid on a centralized basis at the location of the legal entity.

Under sales transactions with account of benefits provided to some consumers in compliance with federal legislation the tax base shall be specified pursuant to Chapter 154 of RF Tax Code as sold products cost calculated on the basis of actual prices.

According to above said, electric power and heat sale transactions on favourable terms provided by federal legislation to some consumers shall be recorded as follows:

1. In the course of heat and power transmission the amount of gain shall be reflected in the account and at the same time – in the trade account payable based on set tariffs including value-added tax (VAT as part of electric power tariffs is specified by REC Resolution No.15 dated 13.02.02). Besides, the

deferred value of VAT in the amount calculated on the basis of approved tariffs is formed which represents deferred VAT due.

2. When paying heat and power bills by the consumer and checking the nature and legitimacy of the benefit provided the consumer's debt shall be written off in the amount of payment, the current value added tax liability shall be formed due to the beneficial sales price (equal to the amount of payment) as well as due to the fulfillment of consumer's obligation by payment regarding benefits provided by Federal legislation the consumer's debt equal to the amount of benefits provided including VAT shall be transferred to the relevant budget debt. Value added tax relating to the amount of benefits shall be paid by the relevant budget when paying debts to JSC SGC TGC-8.

The amount of value added tax to be paid to the budget for the accounting period shall be calculated on a centralized basis according to the data on amounts of accrued and deductible value added tax submitted by separate subdivisions prior to the 12th day of each month (for the previous month) in the form of declarations for the accounting period specified by legislation.

Declarations shall be compiled on a separate basis based on the purchase and sales ledgers within the reporting period.

Invoice logbooks, purchase and sales ledgers shall be kept by structural subdivisions in the form of sections of uniform logbooks and uniform purchase and sales ledgers of JSC SGC TGC-8. Invoices shall be numbered in the order of increasing composite numbers with the index of the structural subdivision.

In case if upon expiry of the reporting period the understatement (overstatement) of the tax base, deductions or other figures affecting the payable to budget VAT value has been identified the amendments to declarations of the corresponding accounting period shall be introduced along with revision of accounting data of the corresponding settlement period (revision month) as follows:

- Declarations amended in corresponding lines, changes in purchase and sales ledgers in the relevant month and the Executive Summary about the reasons for introducing amendments shall be submitted to the Accounting Department of the Executive Body of JSC SGC TGC-8 prior to the 12th of the settlement month.
- Within the same period, prior to the 12th day of the settlement month a letter of advice for accounting transaction shall be submitted to the Accounting Department of the Executive Body;
- The date of presentation of indicated documents to the Accounting Department of the Executive Body shall be the date of their receipt signed by the Head of the relevant group;
- Amended documents presented within indicated period shall be registered in lodgers prior to the expiry of the settlement month regarding the analytics of the period these amendments are related to.
- The documents presented after the 12th of the settlement month shall be registered in lodgers in the month following the settlement month.
- The tax return for the reporting period based on documents presented within the indicated period shall be included in the consolidated tax return and submitted to the tax authority prior to the end of the settlement month.
- Consolidated tax returns with amendments presented after the 12th of the settlement month shall be submitted in the month following the settlement month.

5.2 Profit Tax Estimate

Profit Tax estimate shall comply with requirements of Chapter 25 of RF Tax Code and guidelines of the Accounting Policy formulated in this Regulation.

The estimate of the sum of profits subject to taxation within the reporting (tax) period shall be provided on a centralized basis regarding data submitted by structural subdivisions and other subdivisions of the Executive Body in compliance with the Regulation on the Procedure for Maintenance of Registers and Profit Tax Accounting.

Distribution of the profit tax as well as advance payment sums among separate structural subdivisions shall be calculated using the following formula:

$$\text{Tax (subdiv.)} = \text{Tax (total)} * (((\text{AN (subdiv.)} / \text{AN (JSC)})) + (\text{AA(subdiv.)} / \text{AA(JSC)})) / 2,$$

where:

AN (subdiv), (JSC) – the average number within the reporting period divided by the number of months in this period, structural subdivision and JSC SGC TGC-8 in general correspondingly;

AA (subdiv), (JSC) – depreciation value of the amortizable assets as of the 1st of each month divided by the number of months of the reporting period increased by 1, of the subdivision and of JSC SGC TGC-8 in general correspondingly.

Profit tax and advance payments shall be made on a centralized basis regarding the Letter of Russia's FTS No. MM-6-02/916 dated 31.10.2005 on the Notice of the Changed Procedure for Profit Tax Payment by Organizations pursuant to which JSC SGC TGC-8 shall not allocate profit with each autonomous subdivision located on the territory of one RF subject and shall pay organizations' profit tax to RF subject's budget through the authorized autonomous subdivision for all autonomous subdivision subject to tax accounting in the same RF subject.

Profit tax and advance payments shall be made on a centralized basis.

Monthly advance payments with respect to actual profit shall be paid not later than on 28th of the month following the tax accrual month.

In compliance with Article 287 of RF Tax Code JSC SGC TGC-8 shall perform functions of the tax agent related to profit tax calculation and transfer to the budget if:

- the profit is gained by the foreign organization not registered as a taxpayer in tax authorities on RF territory;
- dividends are paid.

5.3 Uniform Social Tax Estimate

The UST tax base shall be estimated in compliance with requirements of Chapter 24 of RF Tax Code.

Payments related to employees and other individuals whose relations with JSC SGC TGC-8 are based on a collective agreement as well as in favour of other individuals (working under employment agreements (contracts) or other agreements) shall be included in the tax entity or tax base pursuant to Chapter 24 of RF Tax Code and provided that payments not decreasing profit tax base shall not be considered under UST calculation (Chapter 236 of RF Tax Code). The list of labour cost types considered and not considered for profit taxation is contained in Chapters 255 and 270 of RF Tax Code.

The use of UST rates related to each employee shall be regulated by Article 241 of RF Tax Code.

The UST estimate, compiling declarations and accounting related to taxes payable and UST shall be provided by JSC SGC TGC-8's Executive Body and affiliates of JSC SGC TGC-8.

Reporting to Social Insurance Fund shall be finalized by JSC SGC TGC-8's Executive Body and affiliates of JSC SGC TGC-8 under the Form 4-FSS.

Reporting to Pension Fund shall be finalized and submitted by JSC SGC TGC-8's Executive Body and affiliates of JSC SGC TGC-8.

UST personal cards data shall be kept in the accounting software.

5.4 Personal Income Tax Estimate

The estimate of the tax base related to the income tax of individuals whose tax agent JSC SGC TGC-8 shall comply the requirements of Chapter 23 of RF Tax Code.

Tax calculation, data submission and tax payment shall be provided at the location of structural subdivisions with affiliated individuals whose income is imposed by tax.

5.5 Property Tax

The identification of the tax base related to property tax shall comply with Chapter 30 of RF Tax Code. The Executive Body of JSC SGC TGC-8 and affiliates shall calculate and pay a tax at the asset location. JSC SGC TGC-8's affiliates shall calculate and pay a tax as well as shall submit a tax declaration to tax authorities on behalf of JSC TGC No.8 by proxy in respect of the property itemized on balance of the given affiliate and at the asset location.

The evaluation of assets forming a tax base shall be based on the balance value (book value specified in compliance with accounting requirements). With respect to depreciable under RAS 6/01 assets the

book value shall be specified as original (replacement) depreciated cost. To estimate the book value of indicated assets the depreciation shall be accrued and deducted on a monthly basis.

The list of assets approved by the RF Government Decree No. 504 dated 30.09.04 shall be used to determine tax benefits specified in i.11 Article 381 Chapter 30 of RF Tax Code.

In accounting the property tax shall be included in ordinary activities costs (Accounts 26, 29).

5.6 Transport Tax Estimate

The identification of the tax base related to transport tax shall comply with Chapter 28 of RF Tax Code.

Taxable assets shall be cars, motorcycles, motor scooters, buses and other mechanical vehicles and pneumatic and caterpillar mechanisms, planes, helicopters, motor vessels, yachts, sailing ships, power boats, snowmobiles, motor sledges, motor boats, jet skis, nonpropelled (towed vessels) and other water and air vehicles registered according to the applicable Russian Federation legislation.

The tax shall be paid at the vehicle location, which shall be recognized as the place of their state registration.

The Executive Body of JSC SGC TGC-8 and affiliates shall pay a tax and submit declarations at the place of vehicles location.

The tax period shall be the calendar year. The reporting periods shall be the first quarter, the second quarter and the third quarter.

JSC SGC TGC-8 shall calculate the sums of tax advance payments upon the expiry of each reporting period in the amount of the fourth of the multiplication of the relevant tax base and tax rate.

The tax amount subject to the payment to JSC SGC TGC-8's budget shall be specified as the difference between the accrued tax amount and sums of tax advance payments subject to payment within the tax period.

Tax advance payment estimates shall be presented to tax authorities within the reporting period at the latest on the last date of the month following the past reporting period.

Tax declarations shall be submitted not later than on the 1st February of the year following the past reporting period.

5.7 Other Taxes and Dues

Calculation and payment of advertising, land, water and other taxes and dues shall be provided in compliance with taxes and dues legislation regulating the procedure of calculation and payment of corresponding taxes and dues.

6. Introducing Amendments into Accounting Policy

For accounting purposes the Accounting Policy can be amended in the following cases:

- changes in Russian Federation legislation or regulatory accounting acts;
- Company's development of new accounting techniques. The application of a new accounting technique shall presume a more authentic presentation of business operations in Company's accounting and reporting or more efficient accounting process keeping the same level of information authenticity;
- changes in accounting software;
- significant changes in the business environment. The significant change in the Company's business environment can be associated with restructuring, change of ownership, types of activity, etc.

The amendments shall be introduced to the Accounting Policy since January 01 of the year (start of the financial year) following the year of their approval by the relevant organizational-management document. Accounting techniques chosen by the Company for its Accounting Policy shall be applied by all affiliates, representative offices and other subdivisions of the Company (including a separate balance-based) irrespective of their location.

For tax accounting purposes the procedure of some business operations and (or) assets shall be change in the following cases:

- changes in tax and dues legislation or applied accounting methods;
- changes in accounting and tax software;
- etc.

The decision on amending the Accounting Policy for taxation purposes when tax accounting techniques change shall be approved since the beginning of the new tax period and if the tax and dues legislation changes – not earlier than since the enforcement of changed standards of the indicated legislation.

In case of new types of activities performed the relevant changes shall be reflected in the Accounting Policy for taxation purposes. Principles and procedures of tax accounting these types of activities shall be specified.

The amendments into the Accounting Policy shall be introduced since the 1st January of the year (start of the financial year) following the year of their approval by the relevant organizational-management document.

For accounting and taxation purposes in some cases it shall be appropriate to introduce grounded additions to the Accounting Policy within the reporting year.

The additions to the Accounting Policy shall be applied right upon their approval. The additions shall be introduced in the case of the approval of the method of accounting facts of the business activity which are different from those occurred earlier or arise first in the Company's operation.

ANNEX 2

Company's Accounts as of 30.09.2006

BALANCE SHEET

based on the internal standard of RAO

UES of Russia

as of 30th September 2006

Organization JSC SGC TGC-8
 Taxpayer Identification Number
 Type of Activity Industry
 Business and Legal Form \ Form of
 Ownership
 Unit ths RUR
 Location [Address]

	CODES
OKUD FORM No. 1	0710001
Date [year, month, date]	2006 09 30
OKPO	75192780
INN	3015068092
OKVED	40.10.11, 40.10.2
no OKOPF\OKFS	47 \16
OKEI	384\385

Approval Date
 Delivery Date [Receipt]

ASSET	Note	Code	Start of the Reporting Year	End of the Reporting Year
1	A	2	3	4
I. FIXED ASSETS				
Intangible Assets including: Patents, Programmes And Trademarks (Service Marks)		110	-	109
Other Similar Rights And Assets		111	-	-
Organization Costs		112	-	-
Business Reputation of the Company		113	-	-
Other Types of Intangible Assets		114	-	-
R&D Results		115	-	109
Fixed Assets including:		120	5, 842	10, 393, 200
plots of land and environment facilities buildings, machines, equipment and installations		121	-	22, 251
		122	4, 447	10, 320, 982
Other types of fixed assets		123	1, 395	49, 967
Construction-in-Progress including		130	-	636 ,679
<i>Equipment to be Installed</i>		<i>13001</i>	-	28, 686

<i>Investment to Fixed Assets</i>		13002	-	607,993
Income Yielding Investment to Tangible Assets		135	-	-
including:				
Assets to be Leased		136	-	-
Assets Provided under Lease Contract		137	-	-
Long-Term Financial Investment		140	343,932	526,983
including:				
Investment to Subsidiary Companies		141	-	114,953
Investment to Dependent Companies		142	-	64,000
Investment to Other Organizations		143	-	-
Over 12-month Loans		144	343,932	343,932
Other Long-Term Financial Investment		145	-	4,098
<i>FOR CONSOLIDATED REPORTING</i>				
<i>Business Reputation of Subsidiary Companies</i>		146	-	-
<i>Assessment of Head Company's Participation in the Dependent Company</i>		147	-	-
Deferred Tax Assets		148	1,656	129,779
Other Fixed Assets		150	-	-
TOTAL Section I		190	351,430	11,686,750
ASSET	Note	Code	Start of the Reporting Year	End of the Reporting Year
1	A	2	3	4
II. CURRENT ASSETS				
Stock		210	382,119	1,098,890
including:				
Raw Materials, Supplies and Other Similar Assets		211	371,447	1,049,498
including:				
<i>Mazut</i>		21101	221,596	704,056
<i>Coal</i>		21102	-	328
<i>Diesel Fuel</i>		21103	36	9
<i>Other Process Fuel</i>		21104	2,125	6,272
<i>Spare Parts</i>		21105	52,488	130,556
<i>Other Raw Materials And Supplies</i>		21107	95,202	208,277
Rearers and Fatteners		212	-	-
Production-in-Progress Costs		213	-	-
Finished Goods and Goods for Resale		214	1	837
Goods Delivered		215	-	2
Deferred Costs		216		48,553

			10,671	
Other Stock and Costs		217	-	-
Input Value Added Tax		220	76,163	66,225
<i>including</i>				
<i>VAT of Power Purchase through</i>				
<i>FWEMP</i>		22001	-	-
Accounts Receivable				
(Payments are expected upon 12				
months since the reporting date)		230	-	-
<i>including:</i>				
Buyers and Customers		231	-	-
<i>including:</i>				
<i>Funded from the Federal Budget</i>		23101	-	-
<i>Funded from RF Subjects' Budgets</i>		23102	-	-
<i>Funded from Local Budgets</i>		23103	-	-
Other Buyers and Customers		23104	-	-
Bills Receivable		232	-	-
Arrears of Subsidiary and Dependent Companies		233	-	-
Advance Paid		234	-	-
Other Debtors		235	-	-
Accounts Receivable				
(Payments are expected within 12				
months since the reporting date)		240	722,964	2,348,691
<i>including:</i>				
Buyers and Customers		241	565,830	1,508,685
<i>including:</i>				
<i>Power Sold through npu FWEMP</i>				
<i>inside the Group</i>		24101	-	698,604
<i>Heat and Power Sales Agents</i>		24102	-	-
<i>Companies Funded from the</i>				
<i>Federal Budget</i>		24103	4,403	5,318
<i>Companies Funded from the RF</i>				
<i>Budgets</i>		24104	1,248	1,369
<i>Companies Funded from Local</i>				
<i>Budgets</i>		24105	148,572	232,622
<i>Other Heat and Power Consumers</i>		24106	392,141	541,286
<i>Subscription Payment Arrears</i>		24107	-	-
Other Buyers and Customers		24108	19,466	29,486
ASSET	Note	Code	Start of the Reporting Year	End of the Reporting Year
1	A	2	3	4
II. CURRENT ASSETS				

Bills Receivable	242	-	-
Arrears of Subsidiary and Dependent Companies	243	-	-
Charter Capital Contributions Arrears of Participants (Founders)	244	-	-
Advance Paid	245	130,979	213,302
<i>including:</i>			
<i>to Heat and Power Suppliers</i>	24501	-	319
<i>to Fuel Suppliers</i>	24502	105,096	100,243
<i>to Materials Suppliers</i>	24503	14,451	57,031
<i>to Construction Organizations</i>	24504	-	27,299
<i>to Repair Organizations</i>	24505	104	781
<i>to Service Suppliers</i>	24506	6,398	24,483
			3,146
Other Advance Paid	24507	4,930	626
Other Debtors	246	26,155	704
<i>including:</i>			
<i>Penalties, Fines, Contract Forfeits</i>	24601	-	18
<i>Excess Tax Payment to Federal Budget</i>	24602	44	123,814
<i>Excess Tax Payment to RF Subjects Budgets</i>	24603	87	137,607
<i>Excess Tax Payment to Local Budgets</i>	24604	88	8,357
<i>Excess Tax Payment to State Off-Budget Funds</i>	24605	268	482
<i>Engineering Services Debt to RAO UES of Russia _____</i>	24607	-	-
<i>Engineering Services Debt to RAO UES of Russia</i>	24608	-	-
<i>Design and Development Debt to RAO UES of Russia</i>	24609	-	-
<i>Design and Development Debt to RAO UES of Russia</i>	24610	-	-
Other Debtors	24611	25,668	358,426
Short-Term Financial Investment	250	-	-
<i>including:</i>			
Less than 12-month Loans	251	-	-
Other Short-Term Financial Investment	253	-	-
Monetary Funds	260	34,935	31,354
<i>including:</i>			
Cash	261	-	4
Bank Accounts	262	14,507	25,007

Currency Accounts		263	-	-
Other Monetary Funds <i>including:</i>		264	20,428	6,343
<i>Special Bank Accounts</i>		26401	20,426	6,309
<i>Financial Documents</i>		26402	2	34
<i>Transfers in Transit</i>		26403	-	-
Other Current Assets		270	-	-
<i>including:</i>				
<i>Current Transactions Intra-Organizational Settlements</i>		27002	-	-
<i>Construction Intra-Organizational Settlements</i>		27003	-	-
<i>D&D Intra-Organizational Settlements</i>		27004	-	-
<i>Site Protection Estimate Intra-Organizational Settlements</i>		27006	-	-
<i>VAT Intra-Organizational Settlements</i>		27007	-	-
<i>Other Current Assets</i>		27005	-	-
TOTAL, Section II		290	1,216,181	3,545,160
Balance		300	1,567,611	15,231,910
ASSET	Note	Code	Start of the Reporting Year	End of the Reporting Year
1	A	2	3	4
III. CAPITAL AND RESERVES				
Charter Capital		410	10,000	11,889,164
<i>including:</i>				
<i>in Preferred Shares</i>		41001	-	-
<i>in Common Shares</i>		41002	10,000	11,889,164
Own Shares Redeemed from Shareholders		415	-	-
Additional Capital		420	-	-
Segregated Property Estimate		423	-	-
Reserve Capital		430	-	186
<i>including:</i>				
Reserves Formed according to Legislation		431	-	186
Reserves Formed According to Articles of Association		432	-	-
Target Financing		450	-	-
Undistributed Profits (Uncovered Loss)				
Undistributed Profits of Past Years		460	3,718	3,532
Uncovered Loss of Past Years		465	-	(884,708)
Undistributed Profits of the Reporting Year		470	-	232,832

Uncovered Loss of the Reporting Year	475	-	(264, 256)
TOTAL, Section III	490	13, 718	10, 743, 918
<i>FOR CONSOLIDATED</i>			
<i>REPORTING Business Reputation of</i>	495	-	-
<i>Subsidiary Companies</i>			
<i>Minority Interest</i>	500	-	-
IV. LONG-TERM			
LIABILITIES			
Loans and Credits	510	-	94, 191
<i>including:</i>			
<i>Bank Credits</i>			
<i>Subject to Redemption more than 12</i>			
<i>months since Reporting Date</i>	511	-	94, 191
<i>Loans</i>			
<i>Subject to Redemption more than</i>			
<i>12 months since Reporting Date</i>	512	-	-
Deferred Tax Liabilities	515	179	105, 400
Other Long-Term Liabilities	520	-	-
<i>including:</i>			
Suppliers' and Contractors' Accounts			
Payable	52001	-	-
Accounts Payable to Social Funds	52002	-	-
<i>including:</i>			
<i>RF Pension Fund</i>	52003	-	-
<i>Compulsory Health Insurance</i>			
<i>Fund</i>	52004	-	-
<i>Employment Fund</i>	52005	-	-
<i>Social Insurance Fund</i>	52006	-	-
<i>Penalties and Fines to State Off-Budget</i>			
<i>Funds</i>	52007	-	-
Accounts Payable to Budget			
(Restructured Taxes)	52008	-	-
<i>including:</i>			
<i>to Federal Budget</i>	52009	-	-
<i>to RF Subjects' Budgets</i>	52010	-	-
<i>to Local Budgets</i>	52011	-	-
Accounts Payable by Profit Tax			
on the basis of the Transition Period	52020	-	-
<i>including:</i>			
<i>to Federal Budget</i>	52021	-	-
<i>to RF Subjects' Budgets</i>	52022	-	-
<i>to Local Budgets</i>	52023	-	-
Other Long-Term Liabilities	52012	-	-
TOTAL, Section IV	590	179	199, 591
V. SHORT-TERM LIABILITIES			
Loans and Credits	610	665, 512	2, 180, 828

<i>including:</i> <i>Bank Credits</i> <i>Subject to Redemption more than 12</i> <i>months since Reporting Date</i>	611	665,512	2,105,143
<i>Loans</i> <i>Subject to Redemption more than</i> <i>12 months since Reporting Date</i>	612	-	75,685

LIABILITIES	Note	Code	Start of the Reporting Year	End of the Reporting Year
1	A	2	3	4
Accounts Payable		620	888,202	2,061,557
including:				
Suppliers and Contractors		621	492,831	1,526,603
including:				
<i>Power Suppliers through</i> <i>FWEPM</i>		62101	-	-
<i>Other Heat and Power Suppliers</i>		62102	8,779	15,350
<i>Gas Suppliers</i>		62103	124,204	286,905
<i>Mazut Suppliers</i>		62104	-	340,012
<i>Coal Suppliers</i>		62105	-	-
<i>Other Fuel Suppliers</i>		62112	-	-
<i>Construction Organizations</i>		62106	-	112,929
<i>Repair Organizations</i>		62107	40,284	199,949
<i>RAO UES of Russia Subscription</i> <i>Payment</i>		62108	-	-
<i>Debt to Rosenergoatom Concern</i>		62110	-	-
<i>Debt to NPP</i> <i>to Other Suppliers and</i> <i>Contractors</i>		62111 62109	- 319,564	- 571,458
<i>SO CDD Subscription Payment</i>		62113	-	-
<i>FNC Subscription Payment</i>		62114	-	-
Bills Payable		622	-	-
Debt to Subsidiary and Dependent Companies		623	-	-
Salary Payment Debt		624	76,784	71,651
including:				
<i>Current</i>		62401	76,784	71,651
<i>Overdue</i>		62402	-	-
Debt to State and Off-Budget Funds		625	22,606	21,772
including:				
<i>RF Pension Fund</i>		62501	18,005	18,005
<i>Compulsory Health Insurance Fund</i>		62502	-	-

			2,494	2,732
<i>Employment Fund</i>		62503	-	-
<i>Social Insurance Fund</i>		62504	2,107	901
<i>Penalties and Fines to State Off-Budget Funds</i>		62505	-	84
Taxes and Duties payable		626	67,777	125,962
Current Accounts Payable to the Budget including:		62610	67,777	125,962
<i>to Federal Budget</i>		62601	52,158	92,716
<i>to RF Subjects' Budgets</i>		62602	12,757	29,737
<i>to Local Budgets</i>		62603	2,862	3,509
Accounts Payable by Profit Tax on the basis of the Transition Period including:		62620	-	-
<i>to Federal Budget</i>		62621	-	-
<i>to RF Subjects' Budgets</i>		62622	-	-
<i>to Local Budgets</i>		62623	-	-
Advance Received including:		627	76,743	137,575
<i>from Power Consumers through FWPEM</i>		62701	-	-
<i>from Other Heat and Power Consumers</i>		62702	76,623	36,790
<i>Other Advance Received</i>		62703	120	3,761
Other Creditors including:		628	151,461	177,994
<i>Receivable Products VAT</i>		62801	86,326	121,662
<i>Debt to R&D Off-Budget Fund Engineering Services Debt to</i>		62802	-	-
<i>RAO UES of Russia</i>		62804	-	12,514
<i>Engineering Services Debt to RAO UES of Russia</i>		62805	-	-
<i>Design and Development Debt to RAO UES of Russia</i>		62806	-	-
<i>Design and Development Debt to RAO UES of Russia</i>		62807	-	-
<i>Other Creditors</i>		62808	65,135	43,818
LIABILITIES	Note	Code	Start of the Reporting Year	End of the Reporting Year
1	A	2	3	4
Income Payment Debt to Participants (Founders)		630	-	8,373
Deferred Revenues		640	-	37,643
Provisions for Liabilities and Charges		650	-	-

Other Short-Term Liabilities		660	-	-
<i>including:</i>				
<i>Current Transactions Intra-Organizational Settlements</i>		66002	-	-
<i>Construction Intra-Organizational Settlements</i>		66003	-	-
<i>D&D Intra-Organizational Settlements</i>		66004	-	-
<i>Site Protection Estimate Intra-Organizational Settlements</i>		66006	-	-
<i>VAT Intra-Organizational Settlements</i>		66007	-	-
<i>Other Short-Term Liabilities</i>		66005	-	-
TOTAL, Section V		690	1, 553, 714	4, 288, 401
BALANCE		700	1, 567 611	15, 231, 910

Certificate of Assets Recorded in Off-Balance Sheet Accounts

ASSETS	Note	Code	Start of the Reporting Year	End of the Reporting Year
Rented Fixed Assets		910	46, 646	13, 226, 323
Including Leasing		911	22, 480	25, 676
Material Assets Accepted under Custody		920	-	2, 095
Materials Accepted for Processing		925	-	-
Goods Accepted for Commission		930	-	-
Equipment Accepted for Assembly		935	-	-
Written-Off Debts of Insolvent Debtors		940	4, 859	272, 142
Securing Obligations and Payments Received		950	-	-
Securing Obligations and Payments Issued		960	-	-
Asset Depreciation		970	-	24
Depreciation of Public Amenities and Similar Facilities		980	-	-
Security Forms		990	22	6
Rented Fixed Assets		992	-	33, 032
Federal Property		993	-	131, 709
Intangible Assets to be Used		995	-	-

Profit-and-Loss Report

January – September 2006

Organization JSC " IOFK TTK-8"
 Taxpayer Identification Number
 Type of Activity
 Business and Legal Form \ Form of Ownership
 Unit ths RUR

	CODES
OKUD Form No.2	0710002
Date[year, month, date]	2006 06 30
OKPO	75192780
INN	3015068092
OKDP	
OKOPF\OKF	47 \ 16
C	
OKEI	385

Item	Note	Line Code	Within the Reporting Period	Within the Similar Period of the Past Year
1	A	2	3	4
1.Regular Activities' Revenues and Expenses				
Goods, Products, Works and Services Revenue (net) (VAT, Excise and Excluded) _____ Similar Compulsory Payments		010	10, 229, 338	1, 384, 395
<i>Power to Internal Consumers</i>		011	6, 478, 365	947, 737
<i>Power for Export</i>		012	-	-
<i>Heat Power</i>		013	3, 327, 392	429, 331
<i>Subscription Payment (for RAO UES of Russia)</i>		014	-	-
<i>Heat and Power Transportation Revenue</i>		018	-	-
<i>Power for Sales Companies</i>		019	-	-
<i>Other Industrial Goods, Products, Works and Services</i>		015	421, 561	7, 327
<i>Other Nonindustrial Goods, Products, Works and Services</i>		016	2, 020	-
<i>Key Activity Goods, Products, Works and ___(for Institutes)</i>		017	-	-
<i>Other Organizations Participation Income</i>		032	-	-
Prime Cost of Sold Goods, Products, Works and Services ____including Sold:		020	(10, 451, 811)	(1, 658, 198)
<i>Power to Internal Consumers</i>		021	(6, 261, 237)	(1, 019, 012)
<i>Power for Export</i>		022	-	-
<i>Heat Power</i>		023	(3, 767, 301)	(632, 793)
<i>Subscription Payment (for RAO UES of Russia)</i>		024	-	-
<i>Heat and Power Transportation</i>		028	-	-
<i>Power by Sales Companies</i>		031	-	-
<i>Other Industrial Goods, Products, Works and Services</i>		025	(420, 085)	(6, 393)
<i>Other Nonindustrial Goods, Products, Works and Services</i>		026	(3, 188)	-
<i>Key Activity Goods, Products, Works and ___(for Institutes)</i>		027	-	-
<i>Other Organizations Participation Costs</i>		033	-	-
Gross Profit		029	(222, 473)	(273, 803)
Business Costs		030	(267)	-
Administrative Costs		040	-	-
Sales Profit (Loss)		050	(222, 740)	(273, 803)

II. Operating Income and Costs				
Interest Receivable	060	26,699	4	
Interest Payable	070	(88,560)	(2,863)	
Other Organizations Participation Income	080	-	-	
Other Operating Income	090	133,822	10,200	
Other Operating Costs	100	(126,692)	(13,618)	
III. Non-Operating Income and Costs				
Non-Operating Income	120	7,346	62	
Overhead Costs	130	(61,085)	(3,477)	
Pre-Tax Profit (Loss)	140	(331,210)	(283,495)	
Deferred Tax Asset	143	109,071	-	
Deferred Tax Liability	144	(43,430)	-	
Current Profit Tax	145	-	-	
Other Similar Compulsory Payments	146	1,315	-	
Profit Tax and Other Similar Compulsory Payments	150	66,956	-	
Regular Activity Profit (Loss)	160	(264,254)	(283,495)	
IV. Extraordinary Income and Costs				
Extraordinary Income	170	29	-	
Extraordinary Costs	180	31	-	
<i>FOR CONSOLIDATED REPORTING</i>				
____ Capitalized Yield Value (Loss)	184	-	-	
____ Minority Share	185	-	-	
Net Profit (Undistributed Profit (Loss) of the Reporting Period				

Net Profit (Undistributed Profit (Loss) of the Reporting Period		19010	(264,256)	(283,495)
REFERENCE				
Permanent Tax Liabilities (Assets)		200	13,849	-

Item	Note	Line Code	Within the Reporting Period	Within the Similar Period
1	A	2	3	4
REFERENCE FOR ONLY STRUCTURAL SUBDIVISIONS OF RAO UES OF RUSSIA				
V. Intra-organizational Settlements				
Profit Gained from Representative Offices and Affiliates of RAO UES of Russia including from lines				
p. 140 Pre-Tax Profit (Loss)		19011	-	-
p. 150 Profit Tax and Other Similar Compulsory Payments ...		19012	-	-
p. 170 Extraordinary Income.....		19013	-	-
p. 180 Extraordinary Costs.....		19014	-	-
Net Profit (Undistributed Profit (Loss) of the Reporting Period Regarding Gained from Representative Offices and Affiliates				

(19011+19012+19013+19014)		19020	-	-
Profit Transferred by Representative Offices and Affiliates to RAO UES of Russia including from lines				
p. 140 Pre-Tax Profit (Loss)		19031	-	-
p. 150 Profit Tax and Other Similar Compulsory Payments ...		19032	-	-
p. 170 Extraordinary Income.....		19033	-	-
p. 180 Extraordinary Costs.....		19034	-	-
Net Profit (Undistributed Profit (Loss) of the Reporting Period Regarding Transferred to RAO UES of Russia				
(19031+19032+19033+19034)		19040	-	-
Net Profit (Undistributed Profit (Loss) of the Reporting Period (19010+19020-19040)		190	(264, 256)	(283, 495)

(RUR)

Item	Note	Line Code	Within the Reporting Period	Within the Similar Period
1	A	2	3	4
REFERENCE				
Permanent Tax Liabilities (Assets)			13, 849,0000	0.0000
Basic Earnings (Loss) per Share		201	0.0000	0.0000
Diluted Earnings (Loss) per Share		202	0.0000	0.0000

INTERPRETATION OF SOME PROFITS (LOSSES)

Item	Note	Line Code	Within the Reporting Period	Within the Similar Period
1	A	2	3	4
Fines, Penalties and Forfeits Accepted or Imposed by Court Judgment				
Profit		210	1, 088	3
Loss		211	255	11
Profit (Loss) of Past Years		220	702	-
Profit		221	14, 921	-
Loss		221		
Indemnity for Losses Incurred by Non-fulfillment or Underfulfillment of Liabilities				
Profit		230	-	-
Loss		231	-	-
Exchange Difference in Currency Transactions				
Profit		240	-	-
Loss		241	-	-
Allowance Deductions				
Loss		250	-	-

Overdue Receivables and Payables Charge-Off under the Statute of Limitations Profit	260	4,974	-
Loss	261	-	-

**For
nine
months
of
2006**

**Interpretation of Form No.2 Profit-and-Loss Report
according to Internal Standard of RAO UES of Russia**

Shipped Products				
Item	Note	Line Code	Within the Reporting Period	Within the Similar Period
1	A	2	3	4
Interest Payable.....		070	88,560	2,863
.....				
including:				
Interest on Credit, Loan		07003	88,560	2,863
Other Interest Payable (Interest on Bills, Bonds, etc.)		07004	-	-
Other Operating Income		090	133,822	10,200
including from:				
Fixed Assets Sale (except Flats)		09001	-	-
Flats Sale		09002	-	-
MPS Sale		09003	47,677	1,430
Currency Sale		09004	-	-
Intangible Assets Sale		09005	-	-
Securities Sale		09006	40,120	-
Other Assets Sale		09007	-	40,120
Joint Venture		09009	14,612	-
Other Operating Income		09010	31,413	770
Other Operating Costs		100	126,692	13,618
including:				
Fixed Assets Sale (except Flats)		10001	-	-
Flats Sale		10002	-	-
MPS Sale		10003	45,077	1,373
Currency Sale		10004	-	-
Intangible Assets Sale		10005	-	-
Securities Sale		10006	40,120	8,000
Other Assets Sale		10007	-	-
Police Tax		10011	-	-
Cars Resale Tax		10013	-	-
Territory Cleaning Tax		10014	-	-
Advertising Tax		10015	-	-
Additional Budget Payment Related to Profit Tax		10016	-	-

Securities Transactions Tax		10026	-	-
"Russia" Name Duty		10028	-	-
Other Taxes		10017	-	150
Banking Services		10018	7,368	947
Inactive Sites Maintenance		10019	13,153	2,648
Cancelled Production Orders		10020	-	-
Zero Production Costs		10021	-	-
Securities Handling Costs		10022	1,597	-
Doubtful Debts Reserve		10024	-	-
Reserve against Investment Devaluation		10025	-	-
Reserve against Material Assets Cost Reduction		10029	-	-
Discontinuing Operation Reserve		10030	-	-
Other Contingent Liabilities Reserve		10031	-	-
Retirement of Assets without Income		10032	160	-
Donated Assets VAT		10033	-	-
Assets Transfer into Municipal Ownership		10034	-	-
Other Operating Costs		10023	19,217	500
Item	Note	Line Code	Within the Reporting Period	Within the Similar Period
1	A	2	3	4
Non-Operating Income including:		12000	7,346	62
2005 Profit , Identified within the Reporting Period		12001	702	-
2004 Profit , Identified within the Reporting Period		12002	-	-
2003 Profit , Identified within the Reporting Period		12003	-	-
Profit by 01.01.2003 , Identified within the Reporting Period		12004	-	-
Fines, Penalties and Forfeits Accepted or Imposed by Court (Arbitration) Judgment		12005	1,088	3
Accounts Payable over Three years		12008	4,974	-
Exchange Difference		12009	-	-
Inventory-Based Excess Assets		12010	-	-
Donated Assets, except Fixed Assets and Intangible Assets		12011	220	-
Donated Fixed Assets Income Estimated according to Applicable Procedure		12012	25	-
Sum Differences		12013	3	-
Other Non-Operating Income		12014	334	59
Overhead Costs including:		130	61,085	3,477
2005 Loss , Identified within the Reporting Period		13001	14,921	-
2004 Loss , Identified within the Reporting Period		13002	-	-
2003 Loss , Identified within the Reporting Period		13003	-	-

including:				
Profit Tax-Based	15051	-	-	-
VAT-Based	15052	-	-	-
Property Tax-Based	15053	-	-	-
Other Taxes-Based	15054	-	-	-
Fines to State Off-Budget Funds	15030	-	-	-
including:				
RF Pension Fund	15031	-	-	-
Social Insurance Fund	15032	-	-	-
Compulsory Health Insurance Fund	15033	-	-	-
Employment Fund	15034	-	-	-
Penalties to State Off-Budget Funds	15040	31	-	-
including:				
RF Pension Fund	15041	19	-	-
Social Insurance Fund	15042	9	-	-
Compulsory Health Insurance Fund	15043	3	-	-
Employment Fund	15044	-	-	-
Penalties to State Off-Budget Funds Restructured (Accepted in the Reporting Year)	15060	-	-	-
including:				
RF Pension Fund	15061	-	-	-
Social Insurance Fund	15062	-	-	-
Compulsory Health Insurance Fund	15063	-	-	-
Employment Fund	15064	-	-	-
Other Compulsory Payments	15045	(1, 406)	-	-
Restructured Tax Penalties Charge-Off Profit	15070	-	-	-
Extraordinary Income	170	29	-	-
Insurance Compensation Sums	17031	29	-	-
Cost of Material Assets Remaining upon Emergency-Based Charge-Off of Unmarketable and Unusable Assets	17032	-	-	-
Other Extraordinary Income	17033	-	-	-
Extraordinary Costs	180	31	-	-
Lost Material Assets Cost	18001	1	-	-
Emergency Charge-Off Losses	18002	-	-	-
Other Extraordinary Costs	18005	30	-	-