

QUARTERLY REPORT

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

Issuer's code:

6 5 1 1 6 – D

For quarter II, 2006

Issuer's location: 27, *Ordzhonikidze St, Podolsk, Moscow Region, 142100, Russian Federation*

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

Director General				Y.I. Trofimov
Date “ 11 ” August 2006				(signature)
Chief Accountant of the issuer				L.V.Sheladonova
Date “ 13 ” August 2006				(signature)
				Seal

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

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Introduction

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

Открытое акционерное общество «Московская областная электросетевая компания»

The issuer's full company name in English:

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

The issuer's shortened company name in Russian:

ОАО «Московская областная электросетевая компания»;

The issuer's shortened company name in English:

OJSC "Moscow Regional Electric Grid Company"

b) The issuer's location: **27, Ordzhonikidze St, Podolsk, Moscow Region, 142100, Russian Federation**

c) Contact telephone numbers of the issuer, e-mail address:

Telephone number: **OJSC "Moscow Regional Electric Grid Company"**

Fax number: **(495) 980-12-55;**

Email: **odou@moek.mosenergo.elektra.ru**

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

e) Main information on the issuer's circulating securities:

Type: **registered uncertified shares**

Category (type): **ordinary**

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

Par value: **0.5 rubles**

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

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

The body which carried out the state registration:

Federal Financial Markets Service

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

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

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

In the accounting quarter the issuer did not place securities.

f) No other information is available.

This quarterly report contains the issuer authorized governance bodies' estimations and forecasting concerning future events and/or actions, prospects of development of the economy sector in which the issuer carries out its primary activities and results of the issuer's activities, including the issuer's plans, probability of occurrence of certain events and fulfilment of certain actions. Investors should not fully rely on estimations and forecasting provided by the issuer's governance bodies, as actual results of the issuer's activities in the future may differ from those predicted for many reasons. Purchase of the issuer's securities is connected with the risks described in this quarterly report.

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

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

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

	<i>Name, patronymic, surname</i>	<i>Year of birth</i>
<i>1</i>	<i>Anatoly Anatolievich Gavrilenko</i>	<i>1972</i>
<i>2</i>	<i>Andrei Alexandrovich Dyomin</i>	<i>1974</i>
<i>3</i>	<i>Vassily Alexandrovich Zubakin</i>	<i>1958</i>
<i>4</i>	<i>Andrei Anatolievich Kokin</i>	<i>1970</i>
<i>5</i>	<i>Alexei Anatolievich Matveyev</i>	<i>1963</i>
<i>6</i>	<i>Vsevolod Georgievich Pleshivtsev</i>	<i>1950</i>
<i>7</i>	<i>Andrei Natanovich Rappoport</i>	<i>1963</i>
<i>8</i>	<i>Vladimir Nikolayevich Silkin</i>	<i>1957</i>
<i>9</i>	<i>Wolfgang Skribot</i>	<i>1966</i>
<i>10</i>	<i>Pavel Stepanovich Smirnov</i>	<i>1952</i>
<i>11</i>	<i>Yury Ivanovich Trofimov</i>	<i>1945</i>
<i>12</i>	<i>Alexander Nikolayevich Chistyakov</i>	<i>1973</i>
<i>13</i>	<i>Dmitry Viktorovich Shtykov</i>	<i>1976</i>

Chairman of the Board of Directors of OJSC “Moscow Regional Electric Grid Company” is Andrei Natanovich Rappoport.

The sole executive body (General Director) and the members of the joint executive body (Management Board) of the issuer.

General Director of OJSC “Moscow Regional Electric Grid Company”

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

The Charter does not stipulate the existence of a joint executive body of the issuer.
The Board of Directors was elected at the General Shareholder Meeting as of 26 June, 2006.

1.2. Data on the issuer's bank accounts Information on all settlement accounts of the issuer

Full and shortened company names of the credit organization	Location	TIN (taxpayer identification number) of the credit organization	Type of account	Number of account	BIC of the credit organization	Number of the correspondent account of the credit organization
Transport Investment Bank Commercial Bank limited liability company (Transinvestbank CB ltd)	bldg1, 18, Sadovaya-Spasskaya St, Moscow, 107078, Russian Federation	77100666 72	In rubles, settlement	4070281090000060 0510	04457921 2	301018105000000 00212
Bank of External Trade (open joint-stock company)	43, Vorontsovskaya St, Moscow, 10944, Russian Federation	77020701 39	In rubles, settlement	4070281050006002 1123	04452518 7	301018107000000 00187
Open Joint-Stock Company Joint-Stock Commercial Bank "Agroimpuls" (OJSC JSCB "Agroimpuls", "Moskovsky" branch)	bldg 10, 5, Gostinichnaya St, Moscow, 127106, Russian Federation	3664036384	In rubles, Settlement	4070281030001000 0082	044552444	3010181030000000444
Open Joint-Stock Company Joint-Stock Commercial Bank "Agroimpuls" (OJSC JSCB "Agroimpuls", "Moskovsky" branch)	bldg 10, 5, Gostinichnaya St, Moscow, 127106, Russian Federation	36640363 84	In rubles, Settlement	4070281090001000 0084	04455244 4	301018103000000 00444
Petrocommerce Bank open joint-stock company (OJSC "Petrocommerce Bank")	24, Petrovka St, Moscow, 127051	77072845 68	In rubles, Settlement	4070281040000000 4712	04452535 2	301018107000000 00352
Joint-Stock Commercial Bank "Bank of Moscow" (Open Joint-Stock Company) (OJSC "Bank of Moscow")	bld. 3, 8/15, Rozhdestvenka St, Moscow, 107996, Russian Federation	7702000406	In rubles, settlement	40702810301050000069	044525219	3010181050000000219

1.3. Data on the issuer's auditor(s):

Full company name: **HLB Vneshaudit Closed Joint Stock Company**

Abbreviated company name: **HLB Vneshaudit CJSC**

Location of the auditor company: **123610, Moscow, Krasnopresnenskaya embankment, 12, entrance 3, office 701**

Phone and fax numbers: **(495) 967 04 95, 967 04 97**

e-mail: **info@vneshaudit.ru**

Number, date of delivery and date of expiry of the license for realization of the auditor activity:

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

The fiscal years, for which the auditor held independent check of book keeping and financial (accounting) statements of the issuer: the fiscal years 2005.

Factors which may influence independence of auditors from the issuer, including the information on presence of the essential interests connecting auditors (officials of auditors) with the issuer (officials of the issuer): none.

Presence of stakes of auditors (officials of auditors) in the issuer's authorized capital: none;

The issuer did not grant borrowed funds to auditors (officials of auditors);

Presence of close business mutual relations (participation in promotion of issuer's products (services), participation in joint enterprise activities, etc.), and family ties between the issuer and auditors: none;

The issuer's officials who are simultaneously auditors' officials: none.

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

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

The procedure of the issuer's auditor selection:

The procedure of the tender connected with selection of the auditor, does not exist now:

The procedure of nomination of a candidate for the auditor post, including the management body that makes a correspondent decision:

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

«approval of the Company Auditor».

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

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

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

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

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

According to item 21.9. of Article 21 of the issuer's Charter, the amount of payment for the auditor's services is defined by the Board of Directors.

There are no deferred and back payments for services rendered by the auditor

1.4. Data on the issuer's appraiser:

The Issuer did not involve the appraiser for:

- Definition of the market cost of the placed securities and placed circulating securities (the obligations under which were not fulfilled);
- Definition of the market cost of property that is the subject of pawn under the placed obligations of the issuer with loan security or placed obligations of the issuer with loan security the obligations under which were not fulfilled;
- definition of the market cost of the fixed assets or immovable property of the issuer the price of which was re-estimated by the issuer, this reestimation being reflected in other sections in the quarterly report;
- provision of other services in evaluation connected with the issue of securities the information about which is specified in the quarterly report

1.5. Data on the issuer's advisers:

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

The full company name: ***OTKRITIE Brokerage house Joint Stock Company***

The shortened company name: ***OTKRITIE Brokerage house JSC***

The location: ***105066, Moscow, Alexandra Lukyanova St, 3***

Telephone and fax number: ***(495) 232-99-66, 203-96-47, fax: (495) 956-47-00***

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

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

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

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

The services rendered by the adviser:

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

1.6. Data on other persons who signed the quarterly report:

Deputy Chief Accountant: Lyudmila Vassilievna Sheladonova

Telephone number: ***(495) 982-38-59***

Fax number: ***(495) 980-12-66***

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

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

The indicators of financial and economic activities as of the date of the end of the second quarter of the current fiscal year.

<i>Indicator</i>	<i>30 June, 2006</i>	
<i>Net asset value of the issuer, RUR '000</i>	<i>29,879,208</i>	
<i>Relation of the borrowed funds to the capital and reserves, %</i>	<i>27.85</i>	
<i>Relation of the short-term liabilities amount to the capital and reserves, %</i>	<i>27.39</i>	
<i>Cover of payment for debt service, %</i>	<i>38.87</i>	
<i>Level of the debt overdue, %</i>	<i>0</i>	
<i>Receivables turnover, times</i>	<i>2.09</i>	
<i>Share of dividend in the profit, %</i>	<i>3.86</i>	
<i>Labour productivity, RUR '000/person</i>	<i>1 161.81</i>	
<i>Depreciation to the amount of proceeds, %</i>	<i>7.39</i>	

** dividends under ordinary shares on the basis of the 2005 results*

The issuer's net assets as of the date of the end of the second quarter of 2006 equaled RUR 29,879,208 thousand. The sizable amount of net assets is explained by the issuer's activities peculiarities. The Company includes distribution grid objects (former network branches of OJSC "Mosenergo") located on the territory of the Moscow Region and in some areas of Moscow. To provide with electric energy the consumers of the Moscow Region the Issuer uses around 74 thousand km of power transmission lines, including 63thousand km of overhead electricity transmission lines and over 10thousand km of cable lines. The assets of OJSC "Moscow Regional Electric Grid Company" include around 15 thousand distribution substations. In the second quarter of 2006 the net assets of the issuer grew a bit; this may be regarded as a positive tendency.

From the date of the state registration of the Issuer (1 April, 2005) till the date of the end of the second quarter of 2006 the authorised capital stayed unchanged. AS of 30 June, 2006, the authorised capital of the Issuer was 14,124,679,850 rubles. The authorised capital of the Issuer includes preferred shares. The additional capital from compilation of the initial balance sheet (1 April, 2005) till the end of the second quarter of 2006 fell down by 9.8m rubles.

Loan funds of the Issuer are short-term. The major part within the structure of the Issuer's balance refers to the section "Capital and reserves", that consists, according to the reporting of the Issuer, from the authorised capital, additional capital and undistributed profit. The share of the "capital and reserves" in the balance is 78.2%, whereas short-term loans and credits constitute 21.4% of the balance currency for

the end of the second quarter. This means low debt level and financial independence of the Issuer. The following indicators prove these conclusions.

The indicator of the relation of the sum of attracted funds to the capital and reserves and relation of short-term liabilities to the capital and reserves are indicators of the financial dependence. The lower these indicators are, the weaker is the financial lever of the company, which means stronger financial independence of the company.

The relation of the sum of attracted funds to the capital and reserves for the date of the end of the second quarter of 2006 was 27.82%. This means that in total short- and long-term liabilities constitute 27.82% of the sum of capital and reserves.

The relation of the sum of short-term liabilities to the capital and reserves for the date of end of the second quarter of 2006 was 27.39%. This proves the fact that the Issuer prefers to use short-term sources of loan financing. From the one hand, such a resource base – a large share of own capital and preferable use of short-term loan resources – helps to avoid risks connected with the vagueness of the situation and the possibility to change both in macro- and microeconomic conditions, because the Issuer, first of all, is backed by its own sources of financing. From the other head, one should expect attraction of the Issuer's money funds for cover of short-term credits and loans in the nearest future.

The indicator of the cover of payments for debt service during the considered period is 38.87% that characterizes the ability of the issuer to cover its obligations out of the net profit as follows: approximately RUR 38.87 of the covering by net profit of the reporting period and the depreciation charged in the reporting period fall to RUR 100 of obligations (in view of interest per obligations).

As of 30 June, 2006, the issuer has no delayed debts.

In order to calculate the specified indicators, the method recommended by the Regulations for the Information Disclosing by Issuers of Equity Securities was used, which was approved by Order of Federal Financial Markets Service as of 16 March, 2005, No. 05-5/pz-n.

Net assets are calculated according to the procedure of estimation of the net asset value of the joint-stock company approved by Order of the Ministry of Finance of Russia and Federal Commission for the Securities of Russia No. 10n/03-6/pz as of 29 January 2003.

Due to the fact that the issuer was registered as a legal person on 1 April, 2005, and started to execute its economic activity only in the second quarter of 2005, the analysis of the dynamics of presented indicators is incorrect.

The issuer's financial standing in the considered period is steady.

2.2. Issuer's market capitalization

Market capitalisation of the issuer in the five last completed financial years is not presented, because the issuer was registered as a legal person on 1 April, 2005.

This section contains information about market capitalisation of the issuer in the last completed financial year and on the date of end of the second quarter of the current financial year.

As the shares of OJSC "Moscow Regional Electric Grid Company" as of 31 December 2005 on the organized markets were not outstanding, it is not possible to define market capitalization of the issuer under the method provided in Regulations for the Information Disclosing by Issuers of Equity Securities approved by Order as of 16 March 2005 No. 05-5/pz-n (No.05-5/n3-n) (as amended by Order of FFMS of Russia as of 1 November 2005 No. 05-57/pz-n (No.05-57/n3-n)).

For the purposes of this paragraph, the issuer's market capitalization is defined on the basis of the net asset value. Calculation of net asset value of OJSC «Moscow Regional Electric Grid Company» is made under the method specified in "Procedure of estimation of net asset value of joint-stock companies"

approved by Order of the Ministry of Finance of Russia and Federal Commission for the Securities of Russia as of 29 January 2003 No. 10n/03-6/pz (10n/03-6/n3).

The issuer's market capitalization as of 31 December 2005 was RUR 27,135,086 thousand.

The shares of OJSC «Moscow Regional Electric Grid Company» were allowed to circulate at Russian Trade System Stock Exchange JSC, Russian Trade System Stock Exchange non-commercial partnership and MICEX Stock Exchange JSC (MICEX SE).

The market capitalization in the second quarter of the current financial year is calculated as a product of total of shares of the respective category (type) and the market price of one share disclosed by the securities market trade organizer and defined according to the Procedure of Calculation of the Market Value of Equity Securities and Investment Units of Unit Investment Funds Admitted to be Outstanding through Trade Organizers approved by the Decision of Federal Commission for Securities of Russia as of 24 December 2003 No.03-05/ps (No.03-52/nc).

.Market price of one shares as of 30 June, 2006, disclosed at MICEX SE is RUR 0.54.

Market capitalisation of the issuer for the date of the end of the second quarter of the current financial year is RUR 15,254,654,238.

2.3. Issuer's liabilities

2.3.1. Accounts payable

The structure of the issuer's accounts payable with a specification of the term for liabilities execution as of the date of the end of the second quarter of the current fiscal year:

Name of the indicator	30 June, 2006
Total sum of accounts payable, RUR thousand	4,625,102
Total sum of short-term and long-term liabilities, RUR thousand (1)	8,280,295
Total sum of deferred accounts payable, RUR thousand	-

1) This table reflects short-term and long-term liabilities of the Issuer – sections of balance 590 and 690, except for line 630 “debts to participants on payment of income”, line 640 “Incomes of future periods” and line 650 “Reserves of future periods” corresponding to the balance lines.

At presence of deferred accounts payable, including under credit contracts and loan contracts and under loan securities (promissory notes, etc) issued by the issuer, the reasons for non-execution and the consequences that took place or may take place in the future for the issuer as a result of the specified non-executed obligations (proposed term) of cover of the deferred accounts payable are specified:

As of 30 June, 2006, there was no deferred accounts payable.

The structure of the issuer's accounts payable for the second quarter of the current financial year:

<i>Accounts payable name</i>	<i>Maturity term</i>	
	<i>Up to one year</i>	<i>Over one year</i>
<i>Accounts payable to the suppliers and contractors, '000 RUR</i>	1,746,665	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Accounts payable to the personnel of the organization, '000 RUR</i>	209,835	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Accounts payable to the budget and state non-budgetary funds, '000 RUR</i>	318,736	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Credits, '000 RUR</i>	3,257,863	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Loans, total, '000 RUR</i>	258,153	-
<i>including those overdue, '000 RUR</i>	-	X
<i>including bonded loans, '000 RUR</i>	-	-
<i>including bonded loans overdue, '000 RUR</i>	-	X
<i>Other accounts payable, '000 RUR</i>	2,349,866	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Sum total, '000 RUR</i>	8,141,118	-
<i>including those overdue, '000 RUR</i>	-	X

Creditors which owe at least 10 percent of the total amount of accounts payable:

Full and short name of the company: **Bank of External Trade open joint-stock company (OJSC "Vneshtorgbank")**

Address: **190000, St.Petersburg, Bolshaya Morskaya St, 29**

Sum of accounts payable: **RUR 900,000,000**

OJSC "Vneshtorgbank" is not an affiliate of the issuer.

Full and short names of the company: **ALPHA BANK OPEN JOINT-STOCK COMPANY (OJSC "ALPHA-BANK");**

Address: **107078, Moscow, Kalanchevskaya St, 27**

Sum of accounts payable: **RUR 2,350,000,000**

OJSC "ALPHA-BANK" is not an affiliate of the issuer.

2.3.2. Issuer's credit history

Execution by the issuer of liabilities under the credit contracts and/or loan contracts that operated during the five last completed financial year (or for each completed financial year, if the issuer has been making its activities within less than five years), the sum of the main debt under which is five and more percent of the balance cost of the issuer's assets on the date of the last completed accounting quarter preceding conclusion of the corresponding contract and under other credit contracts and/or loan contracts that the issuer considers as important.

As of 30 June, 2006, under the operating credit contracts the sum of the main debt under which is five and more percent of the balance cost of the issuer's assets on the date of the last completed quarter preceding conclusion of a corresponding contract only under contract with OJSC "ALPHA-BANK":

<i>Liability name</i>	<i>Creditor name</i>	<i>Amount of the principle debt (RUR'000)</i>	<i>Term of repayment</i>	<i>Presence of a delay in execution of the liability with regard to the payment of the amount of the principle debt or interest</i>
<i>Credit line</i>	<i>Open Joint-Stock Company "ALPHA-BANK"</i>	<i>2,350,000.00</i>	<i>30 September 2006</i>	<i>None</i>

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

Information about the total sum of obligations of the issuer from provision granted by it and the total sum of obligations of third parties under which the issuer granted security to the third parties, including in the form of a loan or a guarantee for the second quarter of the current financial year:

In the accounting period the issuer did not grant securities to third parties.

Information about each of the obligations of the issuer on provision of security to the third parties, including in the form of a loan or a guarantee that constitutes not less than five percent of the balance cost of the issuer's assets for the accounting quarter:

The issuer did not grant security to the third parties for the sum constituting not less than five percent of the balance cost of assets of the issuer for the accounting quarter.

2.3.4. Issuer's other liabilities

At the date of drawing up of the quarterly report, the issuer has no agreements and obligations, including futures transactions not reflected in its accounting balance sheet which may have a significant effect on the issuer's financial standing, its liquidity, sources of financing, conditions of their use and results of activities and charges.

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

The aim of issue of the shares was development of the authorised capital of the issuer.

The issuer was established as a result of restructuring of OJSC "Mosenergo" in the form of spinning-off (minutes No.1 as of 29 June, 2004, of the Annual General Shareholder Meeting of OJSC "Mosenergo" shareholders).

The company did not involve extra money as a result of placement of emission securities.

Money and property transferred as a share to the authorised capital under the dividing balance sheet will be used for provision of a normal activity of the issuer in the sphere of electric energy transmission on the market of electric energy of Moscow and the Moscow Region and for execution of the financial activities and other kinds of activities.

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

2.5.1. Industry risks

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

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

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

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

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

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

The issuer's actions for these risks reduction:

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

Besides, the issuer is subject to industrial risks:

- Risk of transition to works with the enforced (accident preventive allowable) cross flow;*
- Risk of single drastic increase in loading over the planned value on the basis of consumers' applications;*

- ***Technical risks connected with operation of the equipment. They are caused by such factors as operation of the equipment with maximum deviations from normative and technical requirements; mistakes of operational personnel; disruption of the dispatching schedule and breach of discipline.***

The issuer's actions to reduce these risks:

The issuer holds analysis of probable risk situations in order to forecast an occurrence of risks at realization of the production program and taking measures on protection against their influence. The main organizational form of reduction and compensation of the damage amount is insurance. The property, industrial objects, means of transport, civil responsibility are commercially insured; the personnel is insured from accidents and illnesses and also receives medical insurance.

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

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

The issuer's actions to reduce these risks:

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

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

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

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

The issuer's actions to reduce these risks:

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

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

2.5.2. Country and regional risks

Country risks

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

Regional risks

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

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

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

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

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

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

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

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

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

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

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

2.5.3. Financial risks

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

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

The primary clients who carry out transportation of the electric power are residents of the Russian Federation; the prices for transportation of the electric power are also expressed in the currency of the

Russian Federation. In this connection the issuer is poorly subject to risks of change of exchange rates of foreign currencies.

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

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

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

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

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

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

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

Influence of inflation:

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

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

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

The scheduled rates of inflation established by the Government of the Russian Federation among the purposes of the economic policy, as a whole, are fulfilled and tend to reduction. Nevertheless, at escalation of inflation, the issuer plans to raise the turnover rate of current assets due to changing contractual relations with consumers. In view of the fact that there is a restriction on raising of the issuer's tariffs on electric energy transmission within the limits of no more than 10% a year, and potential profitability of activities, in opinion of the issuer, the value of inflation which are a matter of difficulties for the issuer is at least 40% per annum.

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

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

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

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

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

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

The probability of their occurrence is estimated as low.

2.5.4. Legal risks

The legal risks connected with the issuer's activities:

Changes of the currency regulation:

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

Changes of the tax laws:

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

This risk is considered as insignificant.

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

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

Changes of rules of the customs control and duties:

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

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

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

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

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

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

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

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

2.5.5. Risks connected with the issuer's activities

The risks which are peculiar exclusively to the issuer:

There is a risk of a delay in reception of the licenses which are necessary for realization of certain kinds of the company activities in connection with changes of the legislation in the field of license granting with coming in effect of the Federal Law as of 2 July 2005 No. 80-FZ (80-Φ3) "Amending the Federal Law "On granting licenses for certain activities", the Federal Law "Protection of rights of legal entities and individual businessmen at carrying out the state control (supervision)" and the Administrative Offences Code of the Russian Federation" and a long procedure of preparation of documents, conclusions of supervision bodies, absence of formed rights to immovable property, lease contracts and registration of vehicles.

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

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

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

The issuer runs the risks connected with a seasonal nature of consumption of electric energy. The peak of consumption is observed in the autumn and winter period; in connection with this the issuer runs risks of the grids' overload.

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

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

III. Detailed information on the issuer

3.1. Issuer's establishment and development history

3.1.1. Data on the issuer's name

The issuer's full company name in Russian:

Открытое акционерное общество «Московская региональная электросетевая компания»

The issuer's full company name in English:

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

The issuer's shortened company name in Russian:

ОАО «Московская региональная электросетевая компания»;

The issuer's shortened company name in English:

OJSC "Moscow Regional Electric Grid Company"

The full and short names of the issuer are similar with the name of another legal person created as a result of restructuring of OJSC "Mosenergo" in the form of spinning-off of OJSC "Moscow City Electric Grid Company",

The issuer's name is not registered as a trade mark or a service mark.

During its existence, the firm name of the issuer did not change.

3.1.2. Data on the state registration of the issuer

Primary state registration number of the legal entity (PSRN): **105774655811**

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

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

3.1.3. Data on the issuer's creation and development

Time of existence of the issuer from the date of its state registration (1 April 2005) is one year and three months.

The issuer was established for an indefinite time.

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

The issuer was created as a result of reorganization of OJSC «Mosenergo» in the form of a spin-off (Minutes No.1 as of 29 June 2004 of the annual General shareholders meeting of OJSC «Mosenergo»).

The Company is a legal successor with regard to a part of the rights and duties of OJSC «Mosenergo» according to the separation balance sheet of OJSC «Mosenergo» approved by the annual general shareholders meeting of OJSC «Mosenergo» (Minutes No. 1 as of 29 June 2004)

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

The Company primary goal is transformation, distribution and supply of the electric energy to consumers.

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

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

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

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

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

3.1.4. Contact information

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

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

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

Contact telephone numbers of the issuer: *(495) 982-38-57; 981-89-77*

Fax: *(495) 585-14-51*

Email: *odou@moek.mosenergo.elektra.ru*

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

The functions of the issuer's special division for works with shareholders and investors are assigned to the Corporate Governance of OJSC «Moscow Regional Electric Grid Company»

The location: *115114, Moscow city, Second Paveletsky lane, 3, bldg2*

Telephone number: *(495) 980-12-64, 980-12-65*

Fax: *(495) 585-14-74*

Email: *SobakinaTV@ocb.ia.moesk.mosenergo.elektra.ru*

3.1.5. Taxpayer identification number

TIN is *5036065113*

3.1.6. Branches and representative offices of the issuer:

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

<i>Name of the representative office/ branch</i>	"Eastern Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	107140, Moscow, Nizhnyaya Krasnoselskaya st, 6, bldg 1
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Vadim Mikhailovich Korchaki Term of the effect of the power of attorney: Till 31 December 2008 No.47-D as of 27 July, 2005

<i>Name of the representative office/ branch</i>	"Eastern Electric Networks"

<i>Name of the representative office/ branch</i>	"October Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	127254, Moscow, Rustaveli St, 2
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Andrei Isayevich Mazurov Term of the effect of the power of attorney: Till 31 December 2006 No.48-D as of 27 July, 2005

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

<i>Name of the representative office/ branch</i>	"Noginsk Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	142400, Moscow Region, Noginsk, Radchenko St, 13

<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Leonid Nikolayevich Danilkin Term of the effect of the power of attorney: Till 31 December 2006 No.46-D as of 27 July, 2005
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<i>Name of the representative office/ branch</i>	“Podolsk Electric Networks”
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	142117, Moscow Region, Podolsk, Kirov St, 65
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Alexander Nikolayevich Filipov Term of the effect of the power of attorney: Till 31 December 2006 No.56-D as of 27 July, 2005

<i>Name of the representative office/ branch</i>	“Kolomna Electric Networks”
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	140408, Moscow Region, Kolomna, October Revolution st, 381a
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Alexander Vassilievich Nagin Term of the effect of the power of attorney: Till 31 December 2006 No.50-D as of 27 July, 2005

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

<i>Name of the representative office/ branch</i>	“Western Electric Networks”
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	119992, Moscow, 1820 Goda St, 15
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Alexander Igorevich Yakunin Term of the effect of the power of attorney: Till 31 December 2006 No.64-D as of 12 August, 2005

<i>Name of the representative office/ branch</i>	“Kashira Electric Networks”
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	142900, Moscow Region, Kashira, Klubnaya St, 4
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Alexander Semyonovich Varfolomeyev Term of the effect of the power of attorney: Till 31 December 2006 No.45-D as of 27 July, 2005

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

<i>Name of the representative office/ branch</i>	“Dmitrov Electric Networks”
<i>Date of opening</i>	1 April, 2005

<i>Name of the representative office/ branch</i>	“Dmitrov Electric Networks”
<i>Location</i>	141800, Moscow Region, Dmitrov, Kosmonavtov St, 46
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Vladimir Alexeyevich Shitin Term of the effect of the power of attorney: Till 31 December 2006 No.1254-D as of 22 November, 2005

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

<i>Name of the representative office/ branch</i>	“Moscabelenergoremont”
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	115522, Moscow, Moskvorechie St, 14B
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Alexander Sergeyevich Panin Term of the effect of the power of attorney: Till 31 December 2006 No.54-D as of 27 July, 2005

<i>Name of the representative office/ branch</i>	“Plant for Repair of Electrical Equipment” (“RETO”)
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	152201, Moscow, Starokashirskoye highway, 4a
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Alexander Petrovich Vassiliev Term of the effect of the power of attorney: Till 31 December 2006

<i>Name of the representative office/ branch</i>	“Plant for Repair of Electrical Equipment” (“RETO”)
	No.43-D as of 27 July, 2005

<i>Name of the representative office/ branch</i>	“Moscabletmontazh” (“MKSM”)
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	115114, Moscow, Second Paveletsky lane, 4/6, bldg 2
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Vladimir Sergeyevich Artamonov Term of the effect of the power of attorney: Till 31 December 2006 No.41-D as of 27 July, 2005

<i>Name of the representative office/ branch</i>	“High Voltage Cable Networks”
<i>Date of opening</i>	1 April, 2005
<i>Location</i>	107140, Moscow, Nizhnyaya Krasnoselskaya St, 6, bldg 1
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Gennady Emmanuilovich Trakhtengerg Term of the effect of the power of attorney: Till 31 December 2006 No.55-D as of 27 July, 2005

In the accounting period there were no changes in the branches and representative offices of the issuer.

3.2.1. Issuer's industry

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

3.2.2 Issuer’s main economic activities

The main, i.e. prevailing activity that is of primary importance for the issuer (kinds of activities, kinds of bank operations stipulated in the legislation of the Russian Federation):

The primary line of economic activities of OJSC "Moscow Regional Electric Grid Company" is electric power transmission.

The share of proceeds (income) of the issuer from such economic activity (kinds of activities, kinds of bank operations stipulated in the legislation of the Russian Federation) in the total sum of incomes received by the Issuer in the corresponding accounting period in the second quarter of the current financial year:

<i>Indicator</i>	<i>for the second quarter of 2006</i>
<i>Volume of proceeds (gains) from electric power transmission ('000 RUR)</i>	<i>5,045,890,565</i>
<i>Share of the volume of proceeds (gains) from electric power transmission in the total volume (gains) of the issuer, %</i>	<i>95.5</i>

Change of the amounts of the issuer's proceeds (gains) from the main economic activities (kinds of activities, kinds of bank operations stipulated in the legislation of the Russian Federation) by 10 and more percent in comparison with the corresponding reporting period of the previous year and the reason of such changes:

As the issue was registered as a legal entity on 1 April, 2005, comparative analysis of the indicators presented below is incorrect.

The issuer carries out its main economic activities on the territory of the Russian Federation. The issuer does not carry out any activities in other geographical areas.

The main economic activities do not possess seasonal attributes.

The electric power is always in demand; however, the amount of demand for the electric power is exposed to seasonal fluctuations that are connected with Russian climatic conditions. As the issuer carries out activities on the territory of Moscow and Moscow region, the amount of demand depends on the season. In spring and summer months, the need for the electric power may decrease that is connected with the daylight hours duration.

3.2.3. Main kinds of products (works, services)

The kinds of activities (works, services) that provide less than 10 percent of the volume of sale (proceeds) of the issuer in the second quarter of the current financial year:

Name of the indicator	for the second quarter of 2006
Volume of proceeds from transmission of electric energy (RUR)	5,045,890,565
Share in the total volume of proceeds, %	95.5

The issuer's goal is to provide reliable functioning of grid facilities in Moscow and Moscow region. The issuer is the largest regional power supplying companies which serve 1.4 million of consumers in total on

the territory of more than 47 thousand sq. km. In this connection the share of proceeds from electric power transmission for the second quarter of the current fiscal year is 95,5% in the total amount of proceeds.

The structure of the cost price of the issuer for the respective period of the current fiscal year under the specified articles in percent of the total cost price:

<i>Cost item</i>	<i>in the second quarter of 2006</i>
<i>Raw and other material, %</i>	<i>5.6</i>
<i>Purchased complementary parts, semi-finished products, %</i>	<i>-</i>
<i>Works and services of industrial character which are implemented by external organizations, %</i>	<i>14.7</i>
<i>Fuel, %</i>	<i>-</i>
<i>Energy, %</i>	<i>15.9</i>
<i>Spending on labour payment, %</i>	<i>18.1</i>
<i>Interest per credits, %</i>	<i>-</i>
<i>Rent payment, %</i>	<i>1.5</i>
<i>Assessments to social needs, %</i>	<i>4.3</i>
<i>Amortization of fixed assets, %</i>	<i>12.1</i>
<i>Taxes included in the production cost, %</i>	<i>0.5</i>
<i>Other costs:</i> <i>Amortization under intangible assets, %</i> <i>Remuneration for innovations, %</i> <i>Obligatory insurance payments, %</i> <i>Representation expenses, %</i> <i>others, %</i>	<i>27.3</i>
<i>Total: expenses for production and selling of products (works, services) (production cost), %</i>	<i>100</i>
<i>For reference: proceeds from sales of products (works, services), % to the production cost</i>	<i>144.7</i>

New kinds of products (works, services) proposed by the issuer on the market of its main activity, to the degree to which it corresponds to public information about such kinds of products (works, services)> The state of development of these kinds of products (works, services).

New kinds of products (works, services) proposed by the issuer on the market of its main activity, to the degree to which it corresponds to public information about such kinds of products (works, services): none.

Standards (rules) according to which the accounting reports are prepared and the calculations are made, which are reflected in this item of the quarterly report:

The issuer's accounting reports are prepared according to the current laws of the Russian Federation in the field of book keeping:

Regulations on Book Keeping "Accounting Policy of Organization" RBK 1/98 (ПБУ 1/98) (approved by Order of the Ministry of Finance of the Russian Federation as of 9 December 1998 No. 60n (60н), amended as of 30 December 1999).

Regulations on Book Keeping "Accounting Reports of the Organization" RBK 4/99 (ПБУ 4/99) (approved by Order of the Ministry of Finance of the Russian Federation as of 6 July 1999 No. 43n (43н)).

Regulations on Book Keeping "Charges of the Organization" RBK 10/99 (ПБУ 10/99) (approved by Order of the Ministry of Finance of the Russian Federation as of 6 May 1999 No. 33n (33н), amended by Order of the Ministry of Finance of the Russian Federation as of 30 December 1999 No. 107n (107н), as of 30 March 2001 No. 27n (27н)).

Regulations on Book Keeping "Incomes of the Organization" RBK 9/99 (ПБУ 9/99) (approved by Order of the Ministry of Finance of the Russian Federation as of 6 May 1999 No. 32n (32н), amended by Order of the Ministry of Finance of the Russian Federation as of 30 December 1999 No. 107n (107н), as of 30 March 2001 No. 27n (27н)).

3.2.4. Issuer's materials, goods (raw material) and suppliers

The name and address of the issuer's suppliers that provide at least 10% of all deliveries of raw materials and their share in the total volume of supplies in the second quarter of the current financial year.

Information about the second quarter of the current financial year.

Full company name of the supplier	Address	Accounting period	Share in the total volume of supplies, %
Promtekhnik limited liability company	Moscow, Derbenevskaya embarkment, 7, bldg 14	second quarter of 2006	100

Information about change in prices by more than 10 percent on the main raw materials (goods) within the corresponding accounting period as compared to the corresponding accounting period of the previous financial year or about absence of such a change.

In the second quarter of the current year, as compared to the similar accounting period of the previous financial year, the prices changed by more than 10% on the main raw materials and goods: cable, concrete steel supports, ferrous and nonferrous metals, petroleum, oil and lubricants (petrol, diesel fuel, etc), transformer oil, isolators.

Share of import in deliveries of the issuer in the specified periods:

Direct purchases under import in the specified period were not made.

Prognoses of the issuer concerning availability of these sources in the future and possible alternative sources:
Availability of sources of raw materials in the future is based on long-term contract relations with suppliers, in connection with what the issuer considers the risk of their absence in the future as minimal. The issuer has alternative sources of raw materials.

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

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

In accordance with the goals of its creation the issuer executes its activities on payable rendering of services on transmission of electric energy in Moscow and the Moscow Region, where it is the largest organisation of this profile.

Possible factors that may negatively affect sale by the issuer of its products (works, services) and possible actions of the issuer on reduction of this influence:

The main factors that may negatively affect sale by the issuer of its products (works, services) are incomplete and delayed payment of services on the main kind of activity and emergency situation in the electric networks of the issuer.

In order to minimise the influence of negative factors over the activity of the issuer are expansion of the market of sale of services, optimisation of industrial processes, reduction of losses at transmission of electric energy, construction and updating of equipment with application of advanced technologies.

3.2.6. Issuer's licenses

As of 30 September 2008, the issuer disposes of the following special permits (licenses):

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

Date of issue: ***18 April, 2005;***

Period of validity: ***till 18 April, 2010;***

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

Business line: ***service and maintenance of electric networks [reception, transmission and distribution of electric energy, technical service and repair of electric networks]***

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

Date of issue: ***12 April, 2005;***

Period of validity: ***till 12 April, 2010;***

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

Business line: ***maintenance of thermal networks [reception, transmission and distribution of electric energy, technical service and repair of electric networks]***

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

Date of issue: ***24 June, 2005;***

Period of validity: ***till 24 June, 2010;***

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

Business line: ***storage of oil, gas and products of their recycling.***

4. Number: ***No. 1/08123;***

Date of issue: ***8 July 2005;***

Period of validity: ***till 8 July 2010;***

Authority that issued the special permit (license): *The Central Administration of The RF-EMERCOM State Fire-Fighting Service;*

Business line: *activities on fire prevention and fighting.*

5. Number: *No. 2/13373;*

Date of issue: *8 July 2005;*

Period of validity: *till 8 July 2010;*

Authority that issued the special permit (license): *The Central Administration of the RF-EMERCOM State Fire-Fighting Service;*

Business line: *manufacturing of works on assembling, repair and servicing of fire safety devices of buildings and structures.*

6. Number: *No. 3/01238;*

Date of issue: *17 June 2005;*

Period of validity: *till 17 June 2010;*

Authority that issued the special permit (license): *The Central Administration of the RF-EMERCOM State Fire-Fighting Service;*

Business line: *maintenance of fire-hazardous industrial facilities.*

7. Number: *No. GS-1-50-02-27-0-5036065113-028482-1 (FC-1-50-02-27-0-5036065113-028482-1);*

Date of issue: *12 September , 2005;*

Period of validity: *12 September 2010;*

Authority that issued the special permit (license): *The Federal Agency for Construction and Housing and Communal Services;*

Business line: *construction of buildings and structures of I and II responsibility levels in accordance with the state standards.*

8. Number: *No. GS--1-50-02-26-0-5036065113-028481-1 (FC--1-50-02-26-0-5036065113-028481-1);*

Date of issue: *29 August, 2005;*

Period of validity: *29 August 2010;*

Authority that issued the special permit (license): *The Federal Agency for Construction and Housing and Communal Services;*

Business line: *designing of buildings and structures of I and II responsibility levels in accordance with the state standards.*

9. Number: *No. 001162-R (001162-P);*

Date of issue: *26 July 2005;*

Period of validity: *26 July 2010;*

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

Business line: *activities on measurement devices repairing.*

10. Number: *No. 37600;*

Date of issue: *23 December 2005;*

Period of validity: **23 December 2010;**

Authority that issued the special permit (license): ***The Federal Service for Supervision in the Sphere of Communications;***

Business line: ***communication services on provision of communication channels.***

11. Number: **No. 37601;**

Date of issue: **23 December 2005;**

Period of validity: **23 December 2010;**

Authority that issued the special permit (license): ***The Federal Service for Supervision in the Sphere of Communications;***

Business line: ***Services of local telephone communication, except for services of local telephone communication with use of payphones and multiple access devices.***

12. Number: **No. 37667;**

Date of issue: **23 December 2005;**

Period of validity: **23 December 2010;**

Authority that issued the special permit (license): ***The Federal Service for Supervision in the Sphere of Communications;***

Business line: ***Services on transmission of voice information in the data communication network.***

The issuer plans to obtain a number of additional special permits (licenses) which are necessary for its normal functioning, including maintenance service of hazardous industrial objects.

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

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

3.2.7. Issuer's joint activities

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

3.2.8. Additional requirements to issuers that are joint-stock investment funds, insurance or credit organisations, hypothecry agents.

3.2.8.1. For joint-stock investment funds:

The issuer is not a joint-stock investment fund.

3.2.8.2. For insurance organisations:

The issuer is not an insurance organisation.

3.2.8.3. For credit organisations:

The issuer is not a credit organisation.

3.2.8.4. For hypothecary agents:

The issuer is not a hypothecary agent.

3.2.9. Additional requirements to the issuers, the primary activities of which are extraction of minerals

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

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

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

3.3. Issuer's plans of the future activities

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

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

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

The sources of the future incomes:

OJSC «Moscow Regional Electric Grid Company» plans the following sources of incomes:

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

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

OJSC "Moscow Regional Electric Grid Company" plans in the nearest future to continue work on reconstruction and technical re-equipment of the existing electric networks and corresponding equipment.

Technological aims of the investments in the future will be replacement of the existing worn-out equipment by new highly production transmission equipment.

The plans of the Issuer include connection of new consumers. Connection of new consumers means connection of energy receiving devices to the electric networks. This will help the Issuer to improve the reliability and quality of energy supply due to installation of advanced equipment, having expanded the client base at the same time.

The issuer has already prepared an order about technological connection of energy receiving devices to the electric network and structural divisions that are responsible for connections. This document abolishes a number of orders that existed before him, strictly defines the order, terms and mechanisms of the given procedure. A well-built scheme of realization for the project gives proves to expect an accelerated

procedure of development of documents, and, thus, the results of the project will be visible in the nearest future.

Possible changing of primary activities.

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

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

The company is included in the holding UES of Russia Russian open joint-stock company of energy industry and electrification (RAO UES of Russia JSC)

Term of participation of the issuer in the holding:

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

3.5. Issuer's subsidiaries and dependent economic companies

The issuer does not have subsidiaries and dependent economic companies.

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

3.6.1. Fixed assets

Information on the initial (recovery) value of fixed assets in the amount of the accrued depreciation on the date of end of the accounting period of the current financial year:

Reporting date: *30 June, 2006*

Name of the group of fixed asset objects	Initial (recovery) value, '000 RUR	Amount of the accrued depreciation, '000 RUR
<i>Buildings</i>	<i>5,999,210</i>	<i>52,645</i>
<i>Structures and transfer mechanisms</i>	<i>33,070,025</i>	<i>351,369</i>
<i>Machines and equipment</i>	<i>22,488,171</i>	<i>440,639</i>
<i>Vehicles</i>	<i>457,151</i>	<i>14,030</i>
<i>Other types of fixed assets</i>	<i>99,058</i>	<i>11,133</i>
<i>Total, fixed assets</i>	<i>62,113,615</i>	<i>869,816</i>

Results of the last recalculation of the fixed assets and fixed assets leased for a long-term executed within five last completed financial years or from the date of the state registration of the issuer, if the issuer has been making its activities for less than five years, with indication of the date of

reestimation, full or residual (minus amortisation) of the balance cost of the fixed assets till reevaluation both full and residual (minus amortisation) recovery cost of the fixed assets with regard of this reevaluation.

The way of revaluation of the fixed assets (by the ratios of the federal body of the executive power under statistics, for the market cost of the corresponding fixed assets proved by the documents or conclusions of experts.

From the date of the state registration of the issuer as a legal person (1 April, 2005) revaluation of the fixed assets and assets leased for a long term was not made.

Way of making depreciation charges by groups of objects of fixed assets: ***Amortization under the fixed asset objects is made by linear way, proceeding from the terms of efficient application of these objects.***

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

According to the investment programme of the Company, in 2006 it is planned to input RUR 10,964,279k of fixed assets (exclusive of VAT).

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

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

4.1.1. Profit and loss

Indicators showing the issuer's profitability and loss in the second quarter of the current financial year are presented in the following table:

Indicator	<i>30 June, 2006</i>
<i>Proceeds ⁽¹⁾, RUR '000</i>	<i>11,774,944</i>
<i>Gross profit, RUR '000</i>	<i>4,029,539</i>
<i>Net profit (unappropriated profit (uncovered loss)), RUR '000</i>	<i>2,744,351</i>
<i>Return on equity, %</i>	<i>9.19</i>
<i>Return on assets, %</i>	<i>7.19</i>
<i>Net returns ratio, %</i>	<i>23.31</i>
<i>Product profitability (return on products (sales)), %</i>	<i>34.22</i>
<i>capital turnover</i>	<i>0.39</i>
<i>Amount of uncovered loss as of the reporting date, RUR "000</i>	<i>0</i>
<i>Relation of uncovered loss as of the reporting date to the balance sheet assets</i>	<i>0</i>

⁽¹⁾ net of the value added tax, excises and similar obligatory payments

The methods recommended in the Regulations for the Information Disclosing by Issuers of Equity Securities approved by Order of The Federal Financial Markets Service as of 16 March, 2005, No. 05-5/pz-n was applied for calculation of the specified indicators.

The economical analysis of profitability\losses of the issuer proceeding from the dynamics of the presented indicators. The information about the reasons that, according to the management bodies of the issuer, have caused losses/profit of the issuer reflected in the accounting reporting for the last five completed financial years preceding the accounting quarter or for each completed financial year, if the issuer has been carrying out its activities for less than five years.

As the issuer was registered on 1 April, 2005, and started its economic activities in the second quarter of 2005, comparative analysis of the dynamics of presented indicators is impossible.

The issuer's proceeds as of the end of 2005 equaled RUR 12,254,106k.

The issuer's plans include activities on connection of new consumers. The connection of new consumers means a technological connection of power-receiving devices to electric networks. It will allow the issuer to raise reliability and quality of power supply due to installation of the highly technological equipment and simultaneously to expand the client base.

The issuer has already prepared an order on technological connections of energy receiving installations to the electric network and structural divisions responsible for connections. This document abolishes a number of orders that existed before it, and defines strictly the order, terms and mechanisms of the specified procedure. A well-built scheme of execution of the project gives proves to expecte an accelerated procedure of document formation and, thus, the results of the project will be visible in the nearest future.

The increase in quantity of consumers is expected to lead to a growth of the issuer's proceeds. The modern equipment will allow to reduce operational costs that will also positively influence on the issuer's financial results.

The profitability indicators representing the results of the relation of profit (net revenue) and the means of its reception characterize an overall performance of the enterprise - productivity or feedback of the issuer's financial resources.

The return on assets which is calculated as a relation of net profit to assets shows, what part of assets is per a unit of net profit, in other words, how much assets in money terms is involved per 1 ruble of net profit. Thus, the indicator enables to estimate the efficiency of assets use with a view of reception of profit.

The return on assets in 2005 was 4.01%, while the return on equity was 4.77 %. The economic interpretation of the returns of indicators is as follows: they show how much rubles is per one ruble of the equity. So, 100roubles of the own capital of the Issuer have 4.77roubles of net income of the reporting year, which shows a good level of rentability of the economic activity of the Issuer.

The capital turnover indicator, which is calculated as a relation of proceeds to the amount of own assets and long-term liabilities, shows what part of long-term financial sources is covered by proceeds. The annual equity turnover in 2005 was 0.45. The low level of return on equity is explained by a high shae of the section "Capital and reserves" (84%) in the balance currency.

The capital turnover indicator, first of all, characterizes the volume of sold products falling per 1 ruble of the assets invested in the enterprise's activities. Thus, this indicator for the issuer equals 0.45 ruble per 1 ruble of the cumulative indicator of own means and means in long-term use. Prevalence of own funds in the structure of the capital of the Issuer has determined low value of this indicator.

The way of calculation recommended by The Federal Financial Markets Service suggests to calculate the indicator of net profitability as the relation of net profit of the reporting period to the proceeds for the similar period. Thus, the issuer's net profitability indicator at the date of the end of the second quarter 2006 (10.56%) proves that every 100 rubles of proceeds bring 10.56% rubles of net profit.

There is no uncovered loss at the end of the second quarter of the current fiscal year.

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

Indicator	<i>first half year of 2006</i>
Proceeds from sales, RUR ' 000	<i>11,774,944</i>
Net profit (unappropriated balance) (uncovered loss),RUR '000	<i>2,744,351</i>

Factors (influence of inflation, change in the courses of currencies, solutions of state bodies, other economic, financial, political, etc factors) that, according the management bodies of the issuer, had a great influence over change in the amount of proceeds from sale by the issuer of products, goods, works, services and income (loss) from the main activity in the second quarter of the financial year.

In connection with the fact that the Issuer was registered as a legal person on 1 April, 2005, and started its own economic activities only in the second quarter of 2005, it is impossible to make an analysis of the factors that, according to the management bodies of the issuer, influenced the change in the amount of proceeds by the issuer of goods, products, work, services and income (loss) from the main activities.

The issuer governance bodies' opinions concerning the information presented by this item coincide.

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

Indicators that characterize the issuer's liquidity for the end of the second quarter of the current financial year

<i>Indicator</i>	<i>30 June, 2006</i>
<i>Working capital, RUR '000</i>	<i>592,805</i>
<i>Net fixed assets index</i>	<i>0.98</i>
<i>Current liquidity ratio</i>	<i>1.09</i>
<i>Acid test ratio</i>	<i>0.88</i>
<i>Equity asset ratio</i>	<i>0.78</i>

The methods recommended in the Regulations for the Information Disclosing by Issuers of Equity Securities approved by Order of The Federal Financial Markets Service as of 10 October 2006 No. 06-117/pz-n (№ 06-117/n3-n) was applied for calculation of the specified indicators.

Economical analysis of the liquidity and payable profile of the issuer, sufficiency of own capital of the issuer on the basis of the economic analysis of the dynamics of presented indicators. Change in the value of one of

the presented indicators, as compared to the preceding accounting period by 10 or more percent. Description of factors that, according to the management bodies of the issuer, caused this change:

As the Issuer was registered as a legal person on 1 April, 2005, and started its activities only in the second quarter of 2005, it is impossible to make analysis of the dynamics of the presented indicators.

Own circulating funds is the difference between the sum of the current assets and the sum of the current liabilities (short-term liabilities). For the Issuer this indicator is positive and it equals RUR 592,805k.

The net fixed assets index describing the share of the issuer's non-current assets and long-term debt receivable in the sources of own assets is lower than 1 (0.98),. Which means that the own funds were enough in the accounting period to cover non-circulating assets and long-term account receivable.

The current liquidity ratio shows whether the enterprise has enough means which may be used for repayment of short-term liabilities (in particular, accounts payable). The current liquidity ratio on 30 June, 2006, was 1.09. This proves that the issuer has enough assets for repayment of short-term liabilities.

The acid test ratio is the relation of the company's most liquid assets and debt receivable to the current short-term liabilities (net of incomes of the future periods). This indicator reflects payment opportunities of the enterprise for duly and fast repayment of the debt.

This indicator for the issuer on 30 June, 2006, was also rather high and equalled 0.88.

The equity asset ratio characterizes the enterprise's dependence on the external financing sources. The more the value is, the more the issuer's financial independence is. The value of the equity asset ratio on 30 June, 2006, was 0.78. The level of the equity asset ratio is an indicator of a high financial independence of the Issuer, because around 78%\$ of the balance currency is covered by the own capital of the Issuer.

The issuer governance bodies' opinions concerning the information presented by this item coincide.

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

4.3.1. Amount and structure of the equity and working capital

Amount and structure of the issuer's equity and working capital in the second quarter of the current financial year.,

A) amount of the authorised capital of the issuer: **14,124,679,850 (fourteen billion one hundred and twenty-four million six hundred and seventy-nine thousand eight hundred and fifty) rubles.**

The amount of the authorised capital set out in this section corresponds to the Charter of the issuer.

b) total cost of the shares of the issuer purchased by the issuer for future resale (transmission) with indication of the percent of these shares of the placed shares (authorised capital) of the issuer: ***there are no such shares.***

c) the amount of the reserve capital of the issuer formed due to the deductions from the income of the issuer: ***RUR 64,689,894.***

D) the amount of the additional capital of the issuer that reflects the growth of the cost of assets detected on the basis of the results of revaluation and the difference between the sale price (price of placement) and the nominal cost of shares of the company due to sale of the shares by the price that surpasses the nominal cost, ***RUR: RUR 9,118,789,188***

e) amount of undistributed net income of the issuer: ***RUR 6,538,304,180***

f) total sum of the capital of the issuer: RUR : **RUR 29,846,463,113**

Amount of the issuer's current assets in accordance with the issuer's accounting reports:

RUR '000

Current assets	30 June, 2006
Stocks	1,293,274
<u>Including raw material, other material and other similar values</u>	373,408
Expenses in the production-in-process	5,276
Ready products and goods for re-selling	9,143
Goods loaded out	0
Expenses of future periods	258,204
Other stocks and expenses	647,243
Value added tax under the values purchased	452,854
<u>Debt receivable (the maturity under which is expected in more than 12 months after the reporting date)</u>	749
<u>Debt receivable (the maturity under which is expected within the period of 12 months after the reporting date)</u>	5,625,440
<u>Including buyers and customers</u>	964,464
Short-term financial investments	0
Monetary assets	1,500,783
Other current assets	0
Total:	8,873,100

Structure of the issuer's current assets: *in percent of the total current assets*

Current assets	30 June, 2006
Stocks	14.58
<u>Including raw material, other material and other similar values</u>	4.21
<i>Expenses in the production-in-process</i>	0.06
<i>Ready products and goods for re-selling</i>	0.10
<i>Goods loaded out</i>	0.00
<i>Expenses of future periods</i>	2.91
<i>Other stocks and expenses</i>	7.30
<i>Value added tax under the values purchased</i>	5.10
<i>Debt receivable (the maturity under which is expected in more than 12 months after the reporting date)</i>	0.01
<i>Debt receivable (the maturity under which is expected within the period of 12 months after the reporting date)</i>	63.40
<i>Short-term financial investments</i>	0.00
<i>Monetary assets</i>	16.91
<i>Other current assets</i>	0.00

Total:	100.00
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The sources of financing of the circulating assets of the issuer (own funds, loans, credits). The policy of the issuer on financing of circulating assets and factors that may entail changes in the policy of financing of the circulating assets and calculation of possibility of their appearance.

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

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

4.3.2. Issuer's financial investments

The list of the issuer's financial investments which are at least 10 percent of its all financial investments at the date of the end of the end of the corresponding accounting period.

The issuer has no financial investments in the accounting period.

The issuer has no funds on depositary or other accounts in banks and other credit organizations, the licenses of which were suspended or withdrawn, and in banks and other credit organizations, with regard to which the decision on reorganization, liquidation, the beginning of the bankruptcy procedure or on recognition to be insolvent (a bankrupt) was taken.

The registration of the issuer's financial investments is performed according to the Russian Book Keeping Rules stated in the Order of the Ministry of Finance of the Russian Federation as of 10 December 2002 No. 126n (126н) "On approval of the Regulations for Book Keeping "Registration of Financial Investments" RBK 19/02" (ПБУ 19/02).

4.3.3. Issuer's intangible assets

Information on the structure, initial cost of the intangible assets and the amount of the accumulated amortization for the second quarter of the present financial year:

Such information is not indicated as far as the issuer does not possess any intangible assets for the end of the second quarter of the present financial year.

There was no contribution of the intangible assets to the authorized capital or their acquisition through a grant.

Standards (rules) of the accounting whereby the issuer presents information concerning his/her intangible assets:

1. Regulation on the accounting "Financial accounting of the enterprise" PBU 4/99 (approved by the order of the Ministry of Finance of the Russian Federation as of July 6, 1999, N. 43 n).

2. Regulation on the accounting “Intangible assets accounting” PBU 14/2000 (approved by the order of the Ministry of Finance of the Russian Federation as of October 16, 2000 N. 91 n).

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

Information about the policy of the issuer in the field of science and technical development for the correspondent accounting period preceding the date of end of the last accounting period, including disclosure of costs for execution of the science and technical activities with the help of the own funds of the issuer in this accounting period:

There is no policy of the issuer in the sphere of the research and development and costs for the implementation of the research and development from own funds for the period since the date of the state registration of the issuer till the moment of the second quarter end of 2008.

In the second quarter of 2006 the issuer neither created nor got the legal protection of the main objects of the intellectual property.

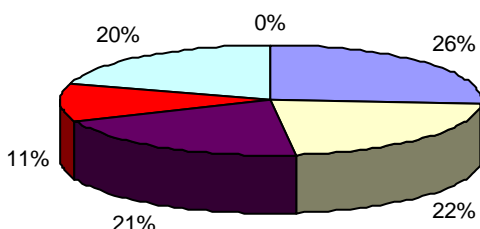
There were no risk factors connected with the possibility of the validity expiration of the basic patents and licenses for trade marks use.

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

*Structure of suppliers in the adjustable sector of the wholesale market of the electric power
For 2 quarter 2006*

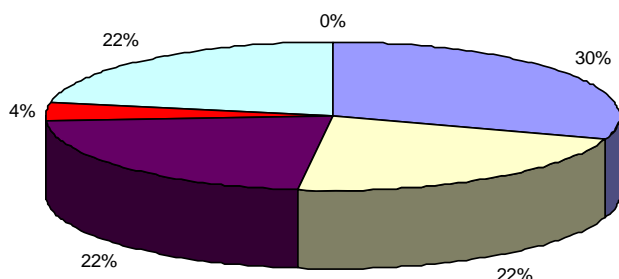
Supply in natural expression, million kW*h

- State district electric stations
- nuclear electric stations
- OGCs - TGCs
- Hydro electric stations
- "energo" joint-stock companies
- regional suppliers



Supply in cost expression, million RUR

- State district electric stations
- nuclear electric stations
- OGCs - TGCs
- Hydro electric stations
- "energo" joint-stock companies
- regional suppliers



Source: Manager of the trading system (<http://www.np-ats.ru>)

The main tendencies of development of the industry in which the issuer carries out its primary activities: for the last five complete financial years or for each complete fiscal year, if the issuer carries out its activities for less than five years, and also the major factors influencing the state of the industry:

*The electric industry of Russia is one of the world's largest electric industries on the established capacity, development and sale of electric power. In 2005 Russia produced 952.2 TW*h of electric power (more than 5.5 % of the world volume), that puts the Russian power sector on the fourth place in the world after the USA, China and Japan. The cumulative established capacity in Russia totals 216 GW, that makes more than 7 % of the world amount.*

*For January-June 2006, Russia produced 502 billion kW*h of electric power, that is by 22 billion kW*h, or 4.6 % more than the corresponding period of 2005. Growth of production of the electric power is connected with increase in demand of home market and export.*

Growth is provided by increase in production of the electric power on thermal and nuclear power stations (107.9 % and 106.1 % to level of January-June 2005, accordingly).

*Reduction of development of the electric power by hydroelectric power stations is connected with lowered inflow in water basins of some hydro power stations of the European part of Russia during the spring period of 2006. So, in January-June 2006 electric power development in the Volga-Kama cascade in comparison with January-June 2005 decreased by 5.9 billion kW*h (24.2 %), and as a whole on branch by 7.4 billion kW*h (8.2 percent).*

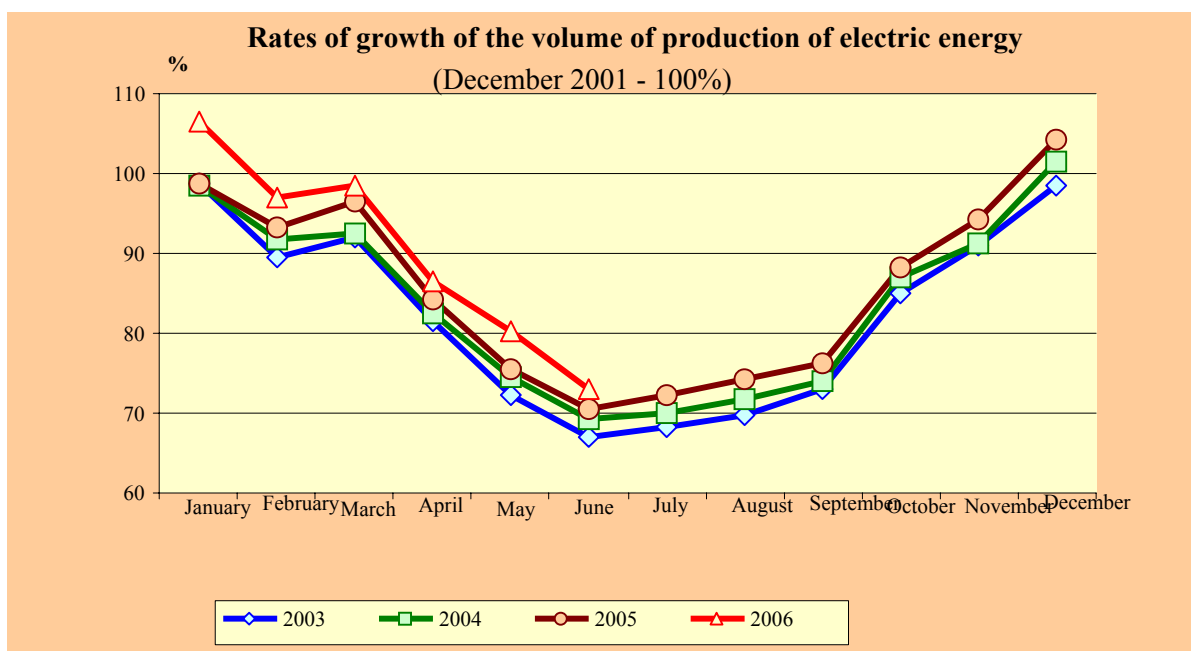
Manufacture and distribution of electric power

Source: Ministry of Economic Development and Trade

The share of the electric power made by thermal power stations has increased in the general development of the electric power from 65.7 % in January-June, 2005 to 67.8 %

In January-June 2006, nuclear power stations - from 15.4 % to 15.6 %, hydroelectric power stations - decreased according to 18.9 % to 16.6 % of percent.

*The current consumption for January-June 2006 made 495.4 billion kW*h, that is by 4.0 % more than the corresponding period of 2005.*

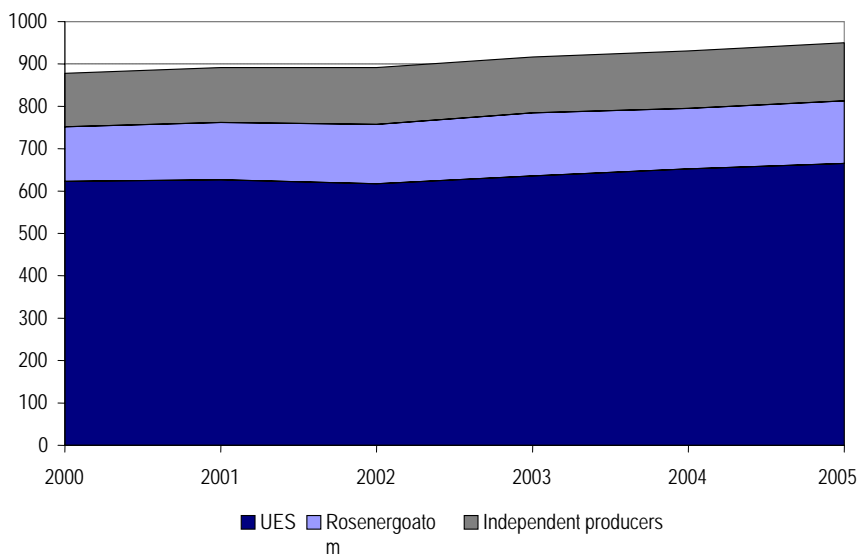


Source: Ministry of Economic Development and Trade

*The analysis of dynamics of production of the electric power grants the right to consider branch of the electric power constantly growing. So, the actual level of development of the electric power in the country which equalled 952.2 TW*h exceeded the indicator of the last 2004 by 1,2 %.*

The main player of the market of the electric power in Russia is RAO UES of Russia JSC. RAO UES of Russia JSC makes more than 70 % of the electric power to Russia, and the volume of development of the state nuclear power stations (Rosenergoatom) surpasses 15 % of the total volume of development of the electric power in the country a little.

Picture 1. Structure of production of the electric power in Russia



Sources: RAO UES of Russia JSC, Rosenergoatom, Evaluation of Alpha-Bank

Thermal power stations and thermal power generation stations develop 65 % of the total volume of the electric power in Russia, hydroelectric power station - 19 %, and nuclear power stations - 16 %. The main nuclear for thermal stations is gas: More than 60 % of stations work on gas, others work on coal (less than 30 %), top internal black oil (less than 7 %) and other kinds of fuel (less than 4 %).

*The main consumers of the electric power are large-scale industrial companies that consumer over 50 % of the electric power developed in the country, and also the population and the municipal services consuming more than 20 % of the electric power. The most power-intensive among the large industrial companies are metallurgical enterprises that consume over 20 % of all electric power consumed in the country which amounts to almost 880 TW*h.*

Dynamics of tariffs for the electric power and inflation.

Since 2000 till now the following tendency was observed in the electric power market : growth of tariffs advanced inflation, but this advancing gradually decreased.

In 2004 the tariff policy of RAO UES of Russia JSC has undergone considerable changes. At the initiative of RAO UES of Russia JSC the order of the Government of the Russian Federation as of 1 December, 2003, No.1754-RAO UES of Russia was approved; under this order the Federal Tariff Service (FTS) approved limiting (maximum and minimum) of passenger-fare levels for end users for 2004-2006 on each region of the Russian Federation.

Thus, the amount of the corridor of change of tariffs on electric and thermal energy for the Russian consumers has been defined. The establishment of marginal levels based on dynamics of macroeconomic indicators taking into account industrial features (the prices for fuel, volume of investments, etc) also became essentially new.

Delay of growth of tariffs for the electric power that led to backlog of growth of tariffs (11.4 %) from dynamics of development of inflationary processes in 2004 (11.7 %) became result of execution of a new tariff policy.

In 2004 and 2005 rates of growth of tariffs for the electric power were below rates of growth of inflation, therefore in economic sense it is possible to speak about the tendency of decrease in tariffs (in 2005 the increase in the prices at energy equalled 9.2 %, and inflation - 11 %).

In 2005, according to the Department of Economic Policy of RAO UES of Russia JSC, growth of tariffs for the population of Russia equalled 19 %, and growth of tariffs for the industry equalled 5 %.

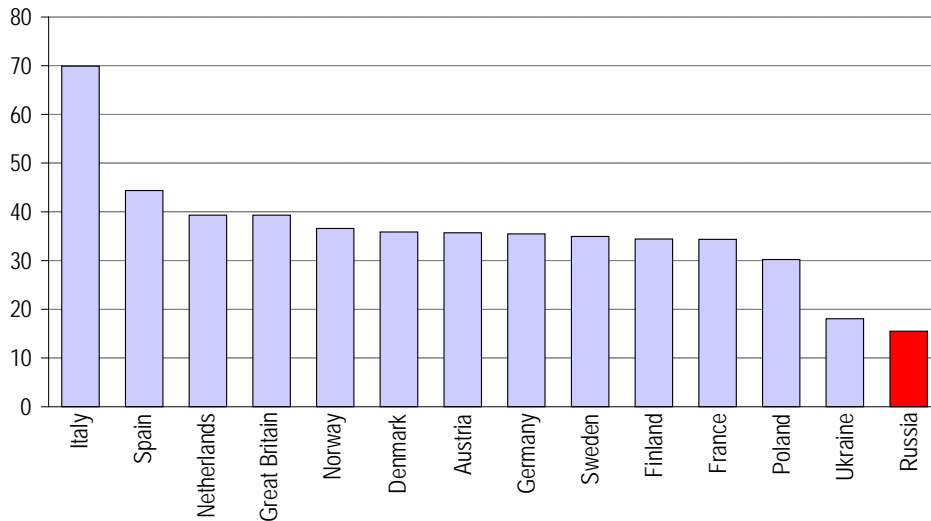
In 2006 in RAO UES of Russia JSC expect the same parity of rates of growth. After liquidation of cross subsidising to 2007-2008 (on what the tariff policy of the government is now directed) the advancing of growth of tariffs for the population will stop.

According to Russian Statistics Committee, for January-June, 2006 the gain of tariffs for the electric power which was released to various categories of consumers, on the average across Russia have increased by 9.8 %, including to industrial consumers - by 8.8 %, agricultural consumers - by 11.9 %. Increase of tariffs passed in January-February. Following the results of for I half-year 2006 in process of reduction of cross subsidising tariffs for the electric power for the population began to exceed for the first time tariffs for industrial consumers (1.1 times).

Tariffs on thermal energy for I half-year 2006 have grown by 12.8 %.

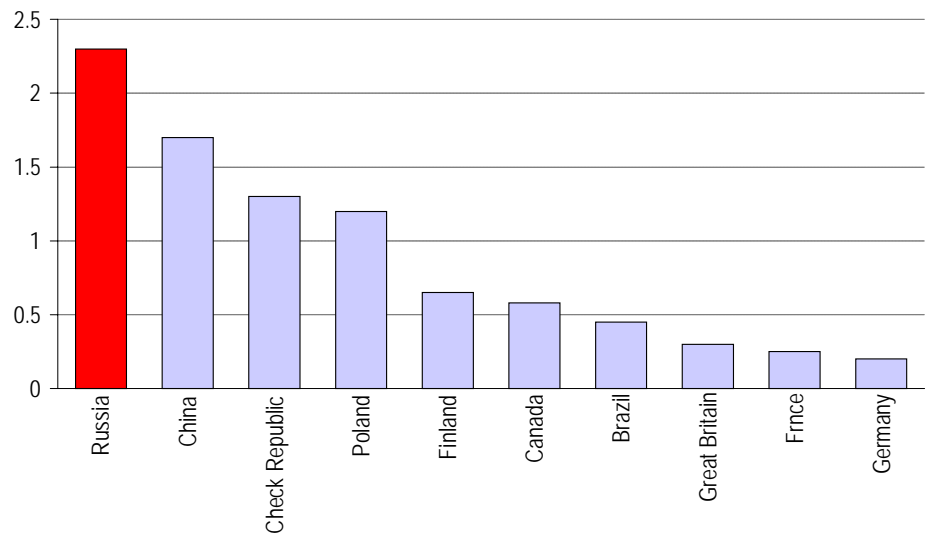
*Tariffs for the electric power for the industrial enterprises are in Russia at level \$29/MW*h, for the population - \$24/MW*h, wholesale tariffs - less \$20/MW*h. In comparison with other countries, in Russia tariffs for the electric power - one of the lowest, mainly because of the internal prices for gas which are essential below the average world tariffs. Natural gas makes more than 60 % of the total volume of consumption of fuel the Russian power stations working on natural fuel, and, hence, is a primary factor in pricing by the principle «costs plus».*

*Picture. 2. Wholesale tariffs for the electric power, \$/MW*h*



*The Russian economy is characterised also by one of the highest in the world level of energy consumption which has got to Russia by right of succession from the Soviet industrial technologies based on abundance and availability of natural resources. Thus, current level of energy consumption by \$1 of gross national product of Russia makes 2.3 kW*h.*

Picture 1. Electric capacity of the gross domestic product, kW*h/\$



Sources: IEA, Russian Statistics Committee, RAO UES of Russia JSC

The Russian market of the electric power consists of two main segments - wholesale and retail (or regional) markets. The wholesale market - the Federal wholesale market of the electric power and power (Federal Wholesale Electric Power Market) - is regulated by the state through the Federal Tariff Service.

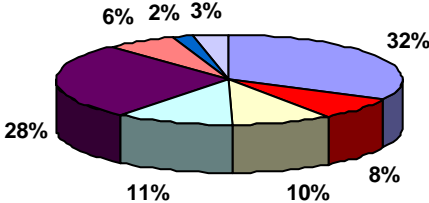
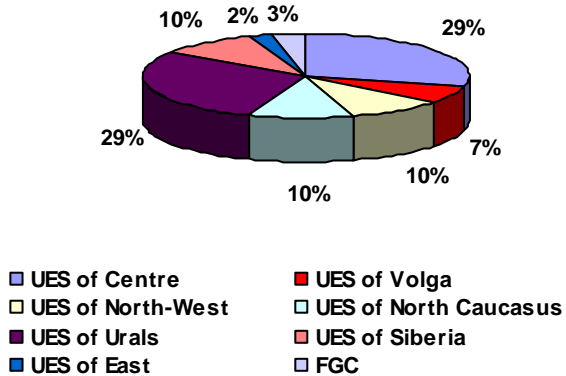
The main participants of this market are the largest power stations delivering the electric power, and also "energo joint-stock companies with deficiency of capacity and the largest industrial consumers which act as buyers. Manager of the trading system of the wholesale market will organise measures and gathering of the information on actual production and consumption of electric energy in the wholesale market.

In 2005 in the wholesale market of the electric power (capacity) it was sold 261.4 TW*h for a total sum of RUR 156.7 billion. Structure of this market is presented on an illustration more low.

Structure of consumers in the adjustable sector of the wholesale market of the electric power (For 2 quarter 2006)

Purchase in natural expression, million kW*h

Cost of electric energy purchased at the federal wholesale market of electric power, RURm

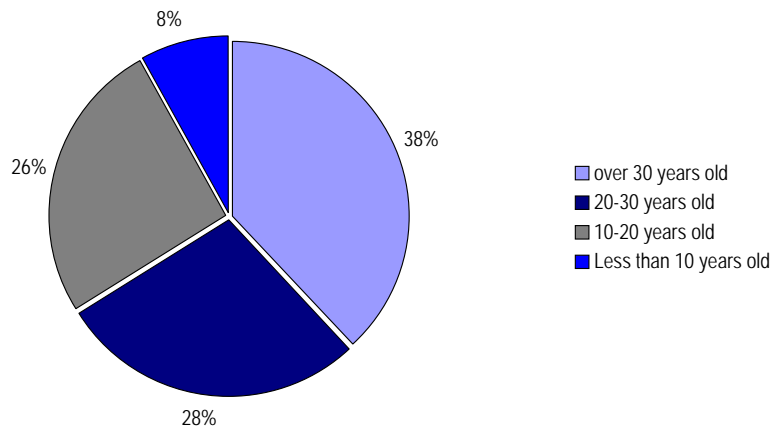


Since 1 November, 2003, in European and Uralsk regions the competitive uncontrollable sector of Federal Wholesale Electric Power Market "5-15" works. On 1 May, 2005 this sector has been expanded and has included Siberia. In 2006 100 percent regulation will be for the present kept, and since 1 January, 2007, transition to partial share of uncontrollable contracts in retail sector of electric power industry will be carried out.

In the retail market of "energo" joint-stock companies (or, since 2005, the companies which have separated from "energo" joint-stock companies) sell the electric power to end users. Retail tariffs are regulated by regional power committees .

Last 15 years of capital investment in sector were rather poor. In spite of the fact that demand for the electric power has considerably fallen in comparison with level the beginning 1990, the lack of capital investments concerning actual requirements of sector has resulted not only in pure leaving of capacity, but also and in essential increase in middle age of generating base.

Picture. 4. Middle age of the Russian generating assets



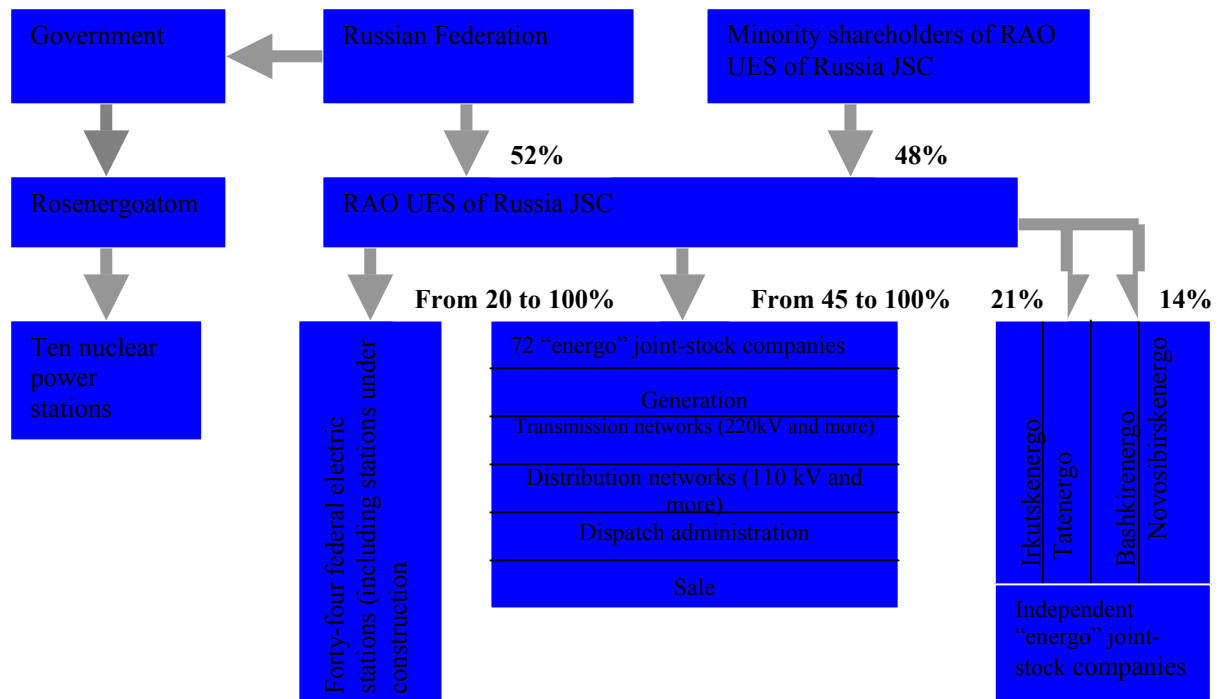
Source: Ministry of Industry and Energy

The main means of sector have become outdated on 65-70 %. High level of deterioration negatively affects efficiency of generation. According to governmental "Power strategy of Russia for the period till 2020", the annual requirement for investments makes \$7-7.5 bn on replacement and expansion of park of the existing equipment. The problem of insufficient investment in power sector becomes especially actual in the light of strong growth of internal demand for the electric power last years. It creates serious threat of deficiency of capacities in some regions already in 2007-2008, even despite high national level of energy consumption.

Networks of power stations wear out, in some power supply systems there are no lines of high-voltage electricity transmissions. Thus, networks also require huge investments. These and many other things the reasons have predetermined necessity of reforms for power sector of economy.

The main companies working in electric power sector of Russia are RAO UES of Russia JSC and its affiliated companies, Rosenergoatom and a number of the independent power companies, such as Irkutskenergo. The state owns more than 52 % of the shares of RAO UES of Russia JSC, 40 % of the shares of Irkutskenergo and completely supervises Rosenergoatom. The initial structure of sector before the reform assuming reorganisation of RAO UES of Russia JSC and its affiliated companies is shown below.

Picture 5. Structure of the sector before the reform



Source: RAO UES of Russia JSC

If RAO UES of Russia JSC and Irkutskenergo carry out operation of the thermal power station and hydro power station the Rosenergoatom supervises all the nuclear power station in Russia. The established capacity of RAO UES of Russia JSC makes 156 GW (72 % of the total capacity of energy enterprises of Russia), Rosenergoatom - 23 GW (11 % accordingly) and Irkutskenergo - almost 13 GW (6 % accordingly).

From the end of the 1990ies, the Russian electric power sector has faced a number of challenges that still remain to be resolved.

□ High degree of deterioration of the main means of sector (> 70 %). There is a sharp necessity for investments for replacement and expansion of power stations, especially if to consider strong growth of demand for the electric power - more than \$7 bn annually. The state which is the main proprietor in the Russian power sector is incapable to carry out so large investments.

□ the Initial structure of RAO UES of Russia JSC and its affiliated companies represented the opaque vertically integrated holdings, including all stages of production of the electric power: generation, transfer, distribution, dispatch, sale, etc. Thus, these companies were not attractive to private investments.

□ the State pricing in the sector, based on the principle «expenses plus» was inefficient, as could not provide demanded profitableness on the investment. Now RAO UES of Russia JSC has changed the approach to management of costs in affiliated and dependent companies and abandons the method "costs plus" for the method "inflation plus" .

□ High level of parity of accounts receivable and payable in the sector. In comparison with the end of the 1990ies, the current situation is much better; however, it is still far from a comprehensible level.

□ the Problem of cross subsidising: tariffs for large consumers of the electric power are higher, than for the population while production of the electric power for the population manages more

expensively. Actually, large industrial consumers subsidise a current consumption with the population.

Gravity of these problems has demanded search of decisions. The state has chosen sector reform as a unique way to try to resolve a situation. Major principles of reforming of electric power industry have been put in pawn in the main directions of reforming of electric power industry of the Russian Federations approved by the Governmental order as of 11 July, 2001, No. 526.

Since 2003 in power sector there passes active process of reforming.

The following plan approved by the government in March, 2003, contains four main points:

□ sector Division by activity kinds on is natural-exclusive (transfer and electric power distribution, dispatching) and competitive (generation and sale) the companies. This point means reorganisation of RAO UES of Russia JSC and its vertically-integrated regional affiliated companies (joint-stock company-energo) by transfer of different fields of activity to the corresponding companies.

□ Creation of system of effective market relations in competitive fields of activity. It means that existing relations regulated by the state in the electric power market should be transformed in market by liberalisation of both wholesale and retail electric power markets. Liberalisation of the market of the electric power includes three consecutive stages: creation of competitive sector of Federal Wholesale Electric Power Market “5-15” (finished); establishment of short-term adjustable bilateral contracts (the beginning is expected in April, 2006); creation of long-term adjustable bilateral contracts (it is planned for 2007); gradual expansion of competitive sector to 100 % of the wholesale market of the electric power.

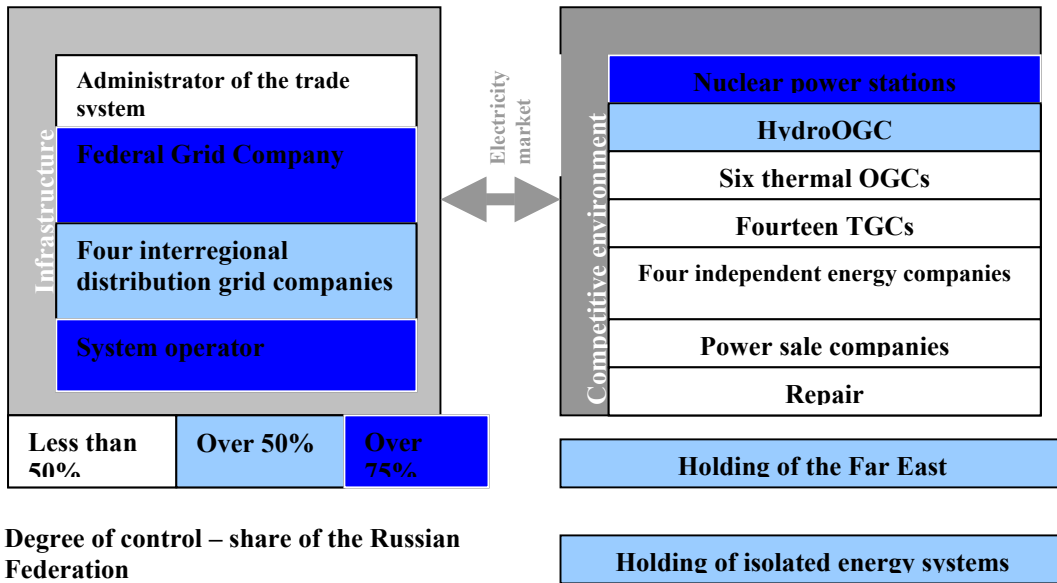
□ free access to services of natural monopolies.

□ Effective and transparent state regulation of exclusive activity, stimulation of decrease in expenses and investments.

Among the documents regulating process of re-structuring of a power complex, - the non-governmental Concept of Strategy of reforming of RAO UES of Russia JSC «5+5», approved by the Board of Directors of RAO UES of Russia JSC in May, 2003

According to this Document and the amendments brought by the government in the initial plan, large federal power stations will be consolidated in seven wholesale generating companies (OGCs) with the average established capacity for thermal power stations of 9GW, and Hydro-OGC which will unite basically all hydroelectric power stations of Russia - to 28 GW. All other power stations which have not entered in OGC, should be united in fourteen territorial generating companies (TGCs), and distributive networks will be consolidated in four inter-regional distributive network companies (IDGC). The general target structure of the Russian power sector after reform is resulted more low:

Picture. 6. Target structure of power sector



After reform competitive generation will be presented by seven large wholesale generating companies (six thermal and one hydro), fourteen territorial generating companies and several independent generating companies which will include the existing power companies independent of RAO UES of Russia JSC, and also the new power stations constructed by private investors. Exclusive network fields of activity, such as transfer and distribution, will be presented by the Federal network company and four large inter-regional distributive companies, accordingly.

Result of the begun transformations is:

- **Formation and high-grade functioning of the federal wholesale market of power (Federal Wholesale Electric Power Market);**
- **High-grade work of UES FGC and JSC UES System Operator Central Dispatch Administration**
- **Reforming of the regional power companies according to the base variant of reorganisation of "energo" joint-stock companies by allocation of new joint-stock companies with proportional distribution of shares of the created companies between their shareholders. In the separate companies generating, network, marketing actives are allocated;**
- **The beginning of formation of the wholesale generating companies on the basis of the large federal stations belonging to RAO UES of Russia JSC and "energo" joint-stock companies;**
- **Continuation of formation of the regional network, distributive and marketing companies.**

The major factors influencing a condition of industrial:

for the last five years it is possible to allocate the following tendencies, characteristic for industrial as a whole:

- ~ **considerable growth of energy consumption from the end of 90th years, accordingly production increase of thermal and the electric power;**
- ~ **increase of payment discipline of consumers thermal and electric power;**
- ~ **improvement of financial results of activity of the power companies;**
- ~ **improvement of structure of balance of regional power supply systems;**
- ~ **reduction of level of cross subsidising;**
- ~ **capital equipment ageing (power stations, electric and thermal networks) the power companies, a lack of investment resources on maintenance of generating capacities.**

The general estimation of results of activity of the issuer in the given industrial, an estimation of conformity of results of activity of the issuer to tendencies of development of industrial and the reasons proving received results of activity:

In connection with small term of activity of the issuer (the issuer is registered as the legal person as of 1 April, 2005, and has begun independent economic activities only in the second quarter 2005) to estimate results of activity of the issuer and their conformity to tendencies of development of industrial it is not obviously possible.

Factors and the conditions influencing activity of the issuer and results of such activity, and the forecast concerning duration of action of the specified factors and conditions:

To factors and the conditions influencing activity of the issuer, concern:

- ~ **considerable degree of state regulation in industrial, including regarding regulation of tariffs for heat - and the electric power;**
- ~ **growth of energy consumption in a place of basing of the issuer;**
- ~ **increase of payment discipline of consumers thermal and electric power;**
- ~ **reduction of level of cross subsidising;**
- ~ **ageing of the capital equipment of the issuer, a lack of investment resources on maintenance of transferring capacities.**

Power reform can be considered also as the uncertainty factor at forecasting of variants of development of the issuer.

Action of the given factors will influence activity of the issuer throughout the next several years.

The shares undertaken by the issuer, and shares which the issuer plans to undertake in the future for an effective utilisation of the given factors and conditions:

- **To spend modernisation of the main means;**
- **To provide constant growth of efficiency of all links of an industrial chain of the issuer;**
- **Introduction of the improved procedures of financial planning;**
- **Concentration of efforts on maintenance of timely receipt of money resources on flowing and delayed accounts receivable;**
- **Restructuring of obligations with a view of their repayment during a longer period of time.**

The ways applied by the issuer, and ways which the issuer plans to use in the future for decrease in negative effect of factors and the conditions influencing activity of the issuer:

- ***Development of modern system of transfer and electric power distribution;***
- ***Decrease in losses of the electric power;***
- ***Strengthening of the financial control and program introduction on decrease in costs;***
- ***Management of the risks connected with primary activities of the issuer;***
- ***Insurance of property risks, risks of a civil liability, etc.***

Essential events/factors which can affect to the greatest degree negatively possibility of reception by the issuer in the future of same or higher results, in comparison with the results received for last accounting period, and also probability of approach of such events (occurrence of factors):

The essential events/factors which can affect to the greatest degree negatively possibility of reception by the issuer in the future of high results, are:

- ***deterioration of the general economic, political, social situation in the country;***
- ***growth of cost of raw materials and the equipment.***

The probability of approach of the given factors is estimated by the issuer as low in connection with the existing forecast of stable and safe development of economic, political and social situations in the country as a whole.

The information on the main existing and prospective competitors of the issuer on activity principal views:
According to the Concept of Strategy of RAO UES of Russia JSC on 2003 - 2008 "5+5" on each segment of the electric power market of Russia (generation, transfer and sale) will appear the independent companies competing with each other. In the Moscow region the most probable competitor of the issuer becomes OJSC "Moscow City Electric Grid Company". In the future occurrence of other players of the market of transfer of the electric power is possible.

The list of factors of competitiveness of the issuer with the description of degree of their influence, according to the issuer, on competitiveness of made production (works, services):

In connection with small term of activity of the issuer (the issuer is registered as the legal person as of 1 April, 2005, and has begun independent economic activities only in the second quarter 2005) to estimate factors of competitiveness of the issuer is not obviously possible, as the issuer as a natural monopoly.

Essential events/factors which can improve results of activity of the issuer, and probability of their approach, and also duration of their action:

There are no obvious factors which can improve primary activities of the issuer - transfer of electric energy.

Opinions of controls of the issuer concerning the presented information coincide

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

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

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

The governance bodies of the issuer, in accordance with its Charter, are:

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

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

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

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

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

- 1) *amending of the Charter and approval of the revised Charter;*
- 2) *restructuring of the Company;*
- 3) *liquidation of the Company; appointment of the liquidation commission and the approval of the interim and final liquidation balances;*
- 4) *determination of the quantity, par value, category (type) of the declared shares and the rights provided by these shares;*
- 5) *increase of the authorized capital by an increase of the par value of shares or by a placement of additional shares;*
- 6) *reduction of the Company authorized capital by a reduction of the par value of the shares, through the acquisition by the Company of a part of shares in order to reduce their total amount, or by repayment of the shares redeemed or acquired by the Company;*
- 7) *fractioning and consolidation of the Company shares;*
- 8) *making the decision on the placement by the Company of bonds converted into shares and other equity securities convertible into shares;*
- 9) *election of the members of the Board of Directors and the early termination of their powers;*
- 10) *election of the members of the Auditing Committee of the Company and the early termination of their powers;*
- 11) *approval of the Company Auditor;*
- 12) *making the decision on the transfer of powers of the Company sole executive body to the managing organization (managing director) and on the early termination of his/her powers;*
- 13) *approval of annual reports, annual accounting reports, including the Company income statements, and distribution of its profit (including payment (declaring) of dividends, except for the profit distributed as a dividend following the results of the first quarter, half a year, nine months of the financial year) and the Company loss following the results of the financial year;*
- 14) *payment (declaring) of dividends following the results of the first quarter, half a year, nine months of the financial year;*
- 15) *determination of the procedure for holding the Company General Shareholder Meeting;*

- 16) making the decision on the approval of transactions in cases envisaged by Article 83 of the Federal Law “On Joint Stock Companies”;
- 17) making the decision on the approval of large transactions in cases envisaged by Article 79 of the Federal Law “On Joint Stock Companies”;
- 18) making the decision on the participation in financial and industrial groups, associations and other unions of for-profit organizations;
- 19) approval of the internal documents regulating the activities of the Company bodies;
- 20) making the decision on payment remuneration and/or compensation to the members of the Company Auditing Committee;
- 21) making the decision on payment of remuneration and/or compensation to the members of the Company Board of Directors;
- 22) solution of other issues envisaged by the Federal Law “On Joint Stock Companies”.

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

In accordance with item 15.1 of the issuer’s Charter, the Company Board of Directors carries out general management of the Company activities, except for the decision of issues which are referred by the Federal Law “On Joint Stock Companies” and the Charter to the competence of the General Shareholders Meeting.

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

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

- 14) recommendations on the amount of the dividend per shares and the procedure for its payment;
- 15) approval of the Company internal documents determining the procedure for the formation and use of the Company funds;
- 16) decision-making on the use of the Company funds; approval of the cost estimates for the use of special-purpose funds and consideration of the results of the implementation of cost estimates for the use of special-purpose funds;
- 17) approval of the Company internal documents except for internal documents, the approval of which is referred to the competence of the Company general shareholder meeting and other Company internal documents, the approval of which is referred to the competence of the Company executive bodies;
- 18) approval of the business plan (revised business plan) and the report on the results of its implementation, as well as approval (revising) of the list and values of the Company cash flow benchmarks;
- 19) foundation of the Company branches and opening of the Company representative offices, their liquidation, as well as amending the Company Charter in connection with the foundation of the Company branches and opening of the Company representative offices (including changing of the information on the names and locations of the Company branches and representative offices) and their liquidation;
- 20) participation of the Company in other organizations (including coordination of constituent documents and candidates for the governance bodies of newly founded organizations, and in view of provision 21, item 15.1., Article 15 of this Charter) and change of the stake (number of shares, amount of contributions, equities), carve-out of shares (equities) and termination of the Company's participation in other organizations;
- 21) making the decision on one or several associated transactions of the Company on the carve-out, pledging or other encumbrance of shares and stakes of SDE (subsidiaries and dependent entities) which are not engaged in production, transmission, dispatching, distribution and selling of electric and thermal energy in case if the market value of shares or stakes being the subjects of the deal determined according to the report of the independent appraiser exceeds 30 million rubles and in other cases (amount) determined by the separate decisions of the Company Board of Directors;
- 22) determination of the Company credit policy as to provision by the Company of loans, making credit contracts and loan contracts, issuing of guarantees, acquisition of liabilities on bills (issuing of ordinary and transfer bill), pledging of property and making the decision on the above mentioned transactions of the Company in cases when the procedure for the decision-making of them is not determined by the Company credit policy as well as decision-making in accordance with the order envisaged by the Company credit policy on bringing the debt situation of the Company within the limits determined by the Company credit policy;
- 23) decision-making on completion of the transactions, the subject of which is the property, works and services, the value of which is from 5 to 25 per cent of the Company balance sheet assets which is defined at the date of decision-making on completion of the transaction, except for the transactions completed in the process of the Company ordinary economic activities;
- 24) approval of the large transactions in cases envisaged by Chapter X of the Federal Law "On Joint Stock Companies";
- 25) approval of transactions in cases envisaged by Chapter XI of the Federal Law "On Joint Stock Companies";
- 26) approval of the Company Registrar, terms of the contract concluded with it and termination of the contract concluded with it; approval of an estimate of expenses for carrying out the Company General Shareholder Meeting;
- 27) election of the Company Board of Directors Chairperson and the early termination of his/her powers;
- 28) election of the Company Board of Directors Deputy Chairperson and the early termination of his/her powers;

- 29) election of the Company Board of Directors Secretary and the early termination of his/her powers;
- 30) tentative approval of decisions on the Company transactions connected with the gratuitous transfer of the Company property or property rights (demands) to itself or the third party; transactions connected with the liberation from property liabilities to itself or the third party; transactions connected with the gratuitous provision of services by the Company (carrying out of works) to the third parties, in cases (amount) determined by separate decisions of the Company Board of Directors, and decision-making on these transactions by the Company in cases when the above-mentioned cases (amount) are not determined;
- 31) decision-making on suspending of the powers of the managing organization (managing director);
- 32) decision-making on the appointment of the Acting General Director of the Company and his/her calling to an account;
- 33) calling to an account of the Company General Director and his/her remuneration in accordance with the labor legislation of the Russian Federation;
- 34) consideration of the General Director's reports on the Company activities (including the report on exercising his/her functions, on the implementation of the decisions of the Company General Meeting and its Board of Directors);
- 35) approval of the procedure of the Company's interaction with the organizations, in which the Company participates;
- 36) Definition of the Company's position (Company's representatives), including the assignment to take or not to take part in voting on the agenda items, to vote under draft decisions "for", "against" or "abstained", on the following items of the agenda of general shareholder (participant) meetings of subsidiaries and dependent entities (further on called SDE) (except for the cases when the functions of the SDE general shareholder meetings are exercised by the Company Board of Directors), and meetings of the SDE boards of directors (except for an item on approval of the agenda of the SDE general shareholder meetings when functions of the SDE general shareholder meeting are carried out by the Company Board of Directors):
- i) on the determination of the agenda of the general shareholder meeting (participants) of SDE;
 - ii) on the reorganization and liquidation of SDE;
 - iii) on the determination of the quantitative structure of the SDE Board of Directors, nomination and election of its members and the early termination of their powers;
 - iv) on the determination of the number, par value, category (type) of the SDE declared shares and the rights granted by these shares;
 - v) on the increase of the SDE authorized capital through the increase of the par value of shares or through the placement of additional shares;
 - vi) on the placement of the SDE securities convertible into ordinary shares;
 - vii) on the fractioning and consolidation of the SDE shares;
 - viii) on the approval of large transactions made by the SDE;
 - ix) on the participation of SDE in other organizations (on entering the existing organization or on the foundation of the new one), as well as on the acquisition, carve-out, encumbrance of shares and stakes in the authorized capitals of the organizations, in which SDE participates, changes of the stake in the authorized capital of the respective organization;
 - x) on the transactions made by SDE (including several associated transactions) connected with the carve-out or the possibility of carve-out of property, representing fixed assets, intangible assets, objects of incomplete construction, the purpose of the use of which is production, transmission, dispatching, distribution of electric and thermal energy in cases (amount) defined by the procedure of interrelation of the Company with organizations in which the Company participates, approved by the Company Board of Directors;
 - xi) on amending the SDE constituent documents;
 - xii) on the determination of the procedure of remuneration payment to the members of the SDE Board of Directors and Auditing Committee;

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

i) on the determination of the SDE representatives' position on the items of the agenda of the general meetings of shareholders (participants) and the meetings of the Board of Directors of the subsidiaries and dependent entities in respect of SDE, concerning the completion (approval) of transactions (including several associated transactions) connected with carve-out or a possibility of carve-out of the property representing fixed assets, intangible assets, objects of incomplete construction, the purpose of the use of which is production, transmission, dispatching, distribution of electric and thermal energy in cases (amount) determined by the procedure of interrelations of the Company with organizations in which the Company participates, approved by the Company Board of Directors;

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

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

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

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

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

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

40) making decisions on the issues referred to the competence of the top management bodies of the economic entities where the Company owns 100 (one hundred) percent of the authorised capital;

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

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

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

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

45) working-out of recommendation on selecting the Auditor which carries out an audit of the Company financial statements prepared under the International Financial Reporting Standards,

approval of the contract terms with it, and monitoring of carrying out the audit of the Company financial statements prepared under the International Financial Reporting Standards;
46) approval of the document determining the rules and approaches to disclosing of the information on the Company; document on use of the information on the Company activities, on the Company securities and transactions with them, which is not accessible to the public and the disclosure of which may render a material influence on the Company securities value; document determining the procedures of the internal control over the Company financial and economic activities;
47) approval of prospective (up to 5 years), annual and quarterly major construction schedules, schedules of goods and services purchases, projects of new construction, technical re-equipment and reconstruction, and the reports on their implementation;
48)) other issues falling within the competence of the Board of Directors in accordance with the Federal Law “On Joint Stock Companies” and the Company Charter.

The competence of the issuer’s sole executive body in accordance with its Charter.

According to item 20.1., Article 20 of the issuer’s Charter, the management by the Company current activities shall be performed by the sole executive body – General Director, and by the collegial executive body – Management Board of the Company.

According to item 20.2., Article 20 of the issuer’s Charter, the Company General Director and the Company Management Board shall be liable to the General Shareholders Meeting and the Company Board of Directors.

The Company General Director shall act without a power of attorney on behalf of the Company taking into account the limitations envisaged by the legislation of the Russian Federation, this Charter and the decisions of the Company Board of Directors. The Company General Director shall - ensure the fulfillment of the Company activity plans which are necessary for the solution of his/her tasks;

- organize bookkeeping and accounting in the Company;*
- dispose of the Company property, complete transactions on behalf of the Company, issue powers of attorney, opens settlement and other accounts of the Company in banks, other credit organizations (and in cases specified in the law – in organizations which are professional participants of the securities market);*
- issue orders, approve (accept) instructions, local normative enactments and other internal documents of the Company on the issues of his/her competence, give instructions necessary for the execution by all employees of the Company;*
- approve the Company organizational structure, staff list and official salaries of the Company employees;*
- approve Regulations on branches and representative offices of the Company;*
- exercise in respect of the Company’s employees the rights and obligations of the employer, envisaged by the labor law;*
- distribute obligations among the Deputies of the Director General;*
- submit for the consideration of the Board of Directors the reports on financial and economic activities of subsidiaries and dependent companies, the shares (stakes) of which are owned by the Company, as well as the information on other organizations, in which the Company participates;*
- not later than 45 (forty five) days prior to the holding of the Company annual General Shareholder Meeting, submit for the consideration of the Company Board of Directors the annual report, accounting balance sheet, the income statement of the Company and distribution of profit and loss of the Company;*
- solve other issues of the Company current activities, except for the issues referred to the competence of the Company General Shareholder Meeting, the Company Board of Directors, and the Company Management Board.*

The joint executive office is not provided by the Charter of the Issuer

The code of corporate conduct (management) of the issuer or other similar document: none.

The decision of the Extraordinary General Shareholder Meeting on 28 March, 2006, approved the internal documents of the Company regulating activity of bodies of the issuer:

«Regulation on the process of preparation and carrying out of the General Shareholder Meeting of OJSC "Moscow Regional Electric Grid Company", "Regulation on the process of convocation and carrying out of meetings of the Board of Directors of OJSC "Moscow Regional Electric Grid Company", "Regulation on the Audit Committee of OJSC "Moscow Regional Electric Grid Company", "Regulation on payment to the members of the Board of Directors of Open OJSC "Moscow Regional Electric Grid Company" of compensation and remuneration", "Regulation on payment to the members of the Audit Committee of OJSC "Moscow Regional Electric Grid Company" of compensations and remuneration".

The decision of the Annual General Meeting of Shareholders as of 26 June, 2006, approved the "Regulation on payment to the members of the Board of Directors of OJSC "Moscow Regional Electric Grid Company" of compensations and remuneration" in a new wording.

The Internet address where you can study the recent version of the issuer's charter and internal documents that regulate its work: www.moesk.ru

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

Personnel structure of the Board of Directors of OJSC «Moscow Regional Electric Grid Company» :

1. Anatoly Anatolievich Gavrilenko

Year of birth: 1972

Education: higher

Positions for the past 5 years:

Period: 1998 – 2004

Organization: CJSC "Alor Invest"

Position: Director for strategic financial planning

Period: 2004 – current

Organization: Leader (CJSC) (company engaged in asset management of the pension fund)

Position: General Director

Period: 2004 – current

Organization: Leader (CJSC) (company engaged in asset management of the pension fund)

Position: member of the Board of Directors

Period: 2005 - current

Organization: ***OJSC “Mosenergo”***
Position: ***member of the Board of Directors***

Period: ***2005 - current***
Organization: ***JSC “Moscow Thermal Network Company”***
Position: ***member of the Board of Directors***

Period: ***2005 - current***
Organization: ***JSC “Southern Telecommunication Company”***
Position: ***member of the Board of Directors***
Period: ***2006 - current***
Organization: ***JSC Mosenergosbyt***
Position: ***member of the Board of Directors***

Period: ***2005 - current***
Organization: ***JSC Managing Energy Company***
Position: ***member of the Board of Directors***

Period: ***2005 - current***
Organization: ***OJSC “Moscow City Electric Grid Company”***
Position: ***member of the Board of Directors***

Period: ***2005 - current***
Organization: ***OJSC “Moscow Regional Electric Grid Company”***
Position: ***member of the Board of Directors***

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

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

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

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

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

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

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

2. Andrei Alexandrovich Dyomin

Year of birth: ***1974***

Education: ***higher***

Positions for the past 5 years:

Period: **2000 -2002**

Organization: **JSC “Poltavaoblenergo”**

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

Period: **2004 - 2004**

Organization: **RAO UES of Russia JSC**

Position: **Chief Expert of the Corporate Centre of the Department of Business Planning**

Period: **2005 - current**

Organization: **UES FGC JSC**

Position: **Head of the Centre of Management of Interregional Distribution Network Complexes**

Period: **2006 – current**

Organization: **JSC “Moscow Regional Electric Grid Company”**

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

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

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

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

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

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

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

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

3. Vassily Vassilievich Zubakin

Year of birth: **1958**

Education: **higher**

Positions for the past 5 years:

Period: **2000 - 2002**

Organization: **RAO UES of Russia JSC**

Position: **Head of the Department of Economy of the Holding and Dependent Companies**

Period: **2002 - 2004**

Organization: **RAO UES of Russia JSC**

Position: **member of the Management Board – head of the Department of Capital Management**

Period: *2004 - current*

Organization: *RAO UES of Russia JSC*

Position: *member of the Board of Directors*

Period: *2002 - current*

Organization: *JSC Hydro OGC Managing Company*

Position: *Chairman of the Board of Directors*

Period: *2002 - current*

Organization: *VNIPIenergoprom JSC*

Position: *Chairman of the Board of Directors*

Period: *2002 - current*

Organization: *Ural Energy Managing Company JSC*

Position: *member of the Board of Directors*

Period: *2003 - current*

Organization: *JSC "Nizhnovenergo"*

Position: *member of the Board of Directors*

Period: *2003 - current*

Organization: *JSC "Omskenenergo"*

Position: *member of the Board of Directors*

Period: *2004 - current*

Organization: *JSC "Tyumenenergo"*

Position: *member of the Board of Directors*

Period: *2004 - current*

Organization: *JSC OGC-3 (Third Generating Company of the Wholesale Market of Electric Energy)*

Position: *member of the Board of Directors*

Period: *2004 - current*

Organization: *JSC HydroOGC (Federal Hydro Generating Company)*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC NTEK (Norilsk – Taimyr Energy Company)*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC TGC-6 (Territorial Generating Company No.6)*

Position: *member of the Board of Directors*

Period: **2005 - current**

Organization: **JSC TGC-11 (Territorial Generating Company No.11)**

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

Period: **2005 - current**

Organization: **JSC Southern Generating Centre of Energy Industry**

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

Period: **2005 - current**

Organization: **Security Market Publishing House**

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

Period: **2006 - current**

Organization: **IDGC of Centre and North Caucasus JSC**

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

Period: **2006 - current**

Organization: **UES Engineering Centre JSC – Hydroproject, Leningradproject, Teploelectroproject, ORGRES company**

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

Period: **2006 - current**

Organization: **OJSC “Moscow City Electric Grid Company”**

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

Period: **2006 - current**

Organization: **JSC “Moscow Regional Electric Grid Company”**

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

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

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

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

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

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

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

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

4. Andrei Anatolievich Kokin

Year of birth: **1970**

Education: **higher**

Positions for the past 5 years:

Period: **2000 -2003**

Organization: **Eurofinance branch of the joint-stock commercial bank**

Position: **Deputy Chief Administrator, Vice President**

Period: **2003 - 2005**

Organization: **Gazprom-Media JSC**

Position: **Financial Director**

Period: **2005 - current**

Organization: **Leader JSC**

Position: **Deputy General Director – Director for Development**

Period: **2006 - current**

Organization: **JSC Transmission Network Company**

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

Period: **2006 –current**

Organization: **JSC Mosteplosetenergoremont**

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

Period: **2006 - current**

Organization: **OJSC “Moscow Regional Electric Grid Company”**

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

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

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

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

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

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

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

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

5. Alexei Anatolievich Matveyev

Year of birth: **1963**

Education: **higher**

Positions for the past 5 years:

Period: **1999-2001**

Organization: **USB Fleming JSC**

Position: **Head of the Administration of Investment and Bank Operations**

Period: **2001 - 2003**

Organization: **Troika-Dialog Investment Company JSC**

Position: **Managing Director**

Period: **2003-2003**

Organization: **Gazprombank Commercial Bank JSC**

Position: **Councillor of the Chairman of the Management Board**

Period: **2003 - current**

Organization: **Gazprombank Commercial Bank JSC**

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

Period: **2006 - current**

Organization: **Mosenergo JSC**

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

Period: **2006 - current**

Organization: **Mosenergosbyt JSC**

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

Period: **2006 - current**

Organization: **JSC "Moscow Thermal Network Company"**

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

Period: **2006 - current**

Organization: **JSC "Moscow City Electric Grid Company"**

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

Period: **2006 - current**

Organization: **Sibur Holding JSC**

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

Period: **2006 - current**

Organization: **JSC “United Machine Building Plants” (Group of Uralmash-Izhora)**

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

Period: **2005 – current**

Organisation: **OJSC “Moscow Regional Electric Grid Company”**

Position: member of the Board of Directors

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

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

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

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

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

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

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

6. Vsevolod Georgievich Pleshivtsev

Year of birth: **1950**

Education: **higher**

Positions for the past 5 years:

Period: **1994 - 2005**

Organization: **Department of the Fuel and Energy Economy of Moscow**

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

Period: **1996- 1998**

Organization: **Administration of the Fuel and Energy Economy of Moscow**

Position: **Deputy Head of the Administration**

Period: **2005 - current**

Organization: **Department of Fuel and Energy Economy of Moscow**

Position: **Head of the Department**

Period: **2006 - current**

Organization: **OJSC “Moscow Regional Electric Grid Company”**

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

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

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

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

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

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

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

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

7. Andrey Natanovich Rappoport

Year of birth: **1963**

Education: **higher**

Positions for the past 5 years:

Period: **1998 - 2004**

Organization: **RAO UES of Russia JSC**

Position: **Deputy Chairperson of the Management Board**

Period: **2004 – current**

Organization: **RAO UES of Russia JSC**

Position: **member of the Management Board**

Period: **2002 – current**

Organization: **«FGC UES», JSC**

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

Period: 2004 – current

Organization: JSC “Yantarenergo”

Position: Chairman of the Board of Directors

Period: **2004 – current**

Organization: **INTER RAO UES OJSC**

Position: **Chairperson of the Board of Directors**

Period: **2004 – current**

Organization: **UES System Operator - Central Dispatch Administration JSC**

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

Period: **2004 – current**

Organization: *INTER RAO UES Balkany CJSC*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *Armenian Nuclear Electric Station JSC*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *REN TV Media Holding ltd*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *JSC UES “GruzRosenergo”*

Position: *member of the Supervisory Council*

Period: *2004 – current*

Organization: *AES Telasi JSC*

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *IDGC of Centre and North Caucasus JSC*

Position: *member of the Board of Directors*

Period: *2005 – current*

Organization: *JSC “Federal Hydro Generating Company”*

Position: *member of the Board of Directors*

Period: *2005 – current*

Organization: *RAO Nordic OY*

Position: *member of the Board of Directors*

Period: *2005 – current*

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

Position: *Chairperson of the Board of Directors*

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

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

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

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

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

Number of shares of the issuer’s subsidiary and dependent entity, of each category (type), which may be acquired as a result of exercising the rights under the issuer subsidiary or dependent entity’s options

belonging to the person: **0**

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

8. Vladimir Nikolaevich Silkin

Year of birth: **1957**

Education: **higher**

Positions for the past 5 years:

Period: **1992-2004**

Organization: ***Prefect's Office of the North-East Administrative District of Moscow city***

Position: ***Deputy Prefect , First Deputy Prefect***

Period: **2004 – current**

Organization: ***Moscow Government of Property Department of Moscow city***

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

Period: **2006 – current**

Organization: ***JSC "Transmission Network Company"***

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

Period: **2006 – current**

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

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

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

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

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

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

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

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

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

9. Wolfgang Skribot

Year of birth: **1966**

Education: **higher**

Positions for the past 5 years:

Period: **2001 – 2003**
Organization: **OFG JSC**
Position: **Director of the Department of Corporate Financing**

Period: **2003 - 2004**
Organization: **"Gazprombank-Invest" Llc.**
Position: **deputy general director**

Period: **2004 - current**
Organization: **OJSC "Gazprombank"**
Position: **Managing Director of the Direct Investments Department**

Period: **2006 - current**
Organization: **JSC OGC-2**
Position: **member of the Board of Directors**

Period: **2006 - current**
Organization: **JSC OGC-4**
Position: **member of the Board of Directors**

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Period: **2006 - current**
Organization: **OJSC "Mosenergo"**
Position: **member of the Board of Directors**

Period: **2006 - current**
Organization: **OJSC "Mosenergosbyt"**
Position: **member of the Board of Directors**

Period: **2006 - current**
Organization: **OJSC "Transmission Grid Company"**
Position: **member of the Board of Directors**

Period: **2006 - current**
Organization: **Specialised Project and Construction Bureau for Repair and Reconstruction JSC**
Position: **member of the Board of Directors**

Period: **2006 - current**
Organization: **Mosteplosetenergoremont JSC**
Position: **member of the Board of Directors**

Period: **2006 - current**

Organization: **Mosenergostroi JSC**

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

Period: **2006 - current**

Organization: **Kashira State District Electric Station No.4 JSC (Kashira SDES No.4 JSC)**

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

Period: **2006 - current**

Organization: **Shatura SDES No.5 JSC**

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

Period: **2006 - current**

Organization: **SDES No.24 JSC**

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

Period: **2006 - current**

Organization: **Zagorsk Hydro Accumulating Electric Station JSC**

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

Period: **2007 - current**

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

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

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

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

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

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

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

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

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

10. Pavel Ivanovich Smirnov

Year of birth: **1952**

Education: **higher**

Positions for the past 5 years:

Period: **2001 - current**

Organization: *RAO UES of Russia JSC*
Position: *member of the Management Board*

Period: *2005 - current*

Organization: *Energy Institute named after Krzhizhanovsky JSC*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *Aviaenergo Joint-Stock Company JSC*
Position: *Chairman of the Board of Directors*

Period: *2005 - current*

Organization: *JSC "Bashkirenergo"*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *Bashkir Network Company JSC*
Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *OJSC "Mosenergo"*
Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *Managing Energy Company JSC*
Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *OJSC "Moscow City Electric Grid Company"*
Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *Mosenergosbyt JSC*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Moscow Thermal Network Company*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *OJSC "Moscow Regional Electric Grid Company"*

Position: *member of the Board of Directors*

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

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

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

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

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

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

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

11. Yury Ivanovich Trofimov

Year of birth: *1945*

Education: *higher*

Positions for the past 5 years:

Period: *1999-2005*

Organization: *Orenburgenergo, JSC*

Position: *General Director*

Period: *2005 – 2005*

Organization: *OJSC "Transmission Grid Company"*

Position: *Acting General Director*

Period: *2005 – current*

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

Position: *General Director*

Period: *2006 – current*

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

Position: *member of the Board of Directors*

Period: *2006 – current*

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

Position: *member of the Board of Directors*

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

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

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

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

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

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

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

12. Alexander Nikolaevich Chistyakov

Year of birth: **1973**

Education: **higher**

Positions for the past 5 years:

Period: **2000 – 2002**

Organization: **RAO UES of Russia**

Position: **Director for Investment Policy**

Period: **2002 – current**

Organization: **«FGC UES», JSC**

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

Period: **2003 - 2005**

Organization: **JSC “Kolenergo”**

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

Period: **2003 - current**

Organization: **JSC “Nurenergo”**

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

Period: **2003 - 2005**

Organization: **JSC UES Energostroisnabcomplex**

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

Period: **2004– current**

Organization: **IDGC of Urals and Volga, JSC»**

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

Period: **2004 - current**

Organization: **IDGC of Centre and North Caucasus JSC**

Position: *member of the Board of Directors*

Period: *2004 – current*

Organization: *IDGC of North-West*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC “Tyumenenergo”*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *IDGC of Siberia JSC*

Position: *Chairman of the Board of Directors*

Period: *2005 - current*

Organization: *OJSC “Moscow City Electric Grid Company”*

Position: *member of the Board of Director*

Period: *2007 – current*

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

Position: *member of the Board of Director*

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

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

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

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

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

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

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

13. Dmitry Viktorovich Shtykov

Year of birth: *1976*

Education: *higher*

Positions for the past 5 years:

Period: *1999-2003*

Organization: *RAO UES of Russia JSC*

Position: *Leading Specialist, Chief Specialist, Acting Head of the Department, Head of the Department of Corporate Policy*

Period: *2003 - current*
Organization: *Institute of Professional Directors Fund, Moscow*
Position: *General Director*

Period: *2005 - current*
Organization: *JSC "Oryolenergo"*
Position: *member of the Board of Directors*

Period: *2002 - current*
Organization: *JSC Zhiguli Hydro Electric Station*
Position: *member of the Board of Directors*

Period: *2003 - current*
Organization: *JSC Volga Hydro Electric Station*
Position: *member of the Board of Directors*

Period: *2003 - current*
Organization: *JSC "Kurskenergo"*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC "Vologdaenergo"*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC "Tulenergo"*
Position: *member of the Board of Directors*

Period: *2006 - current*
Organization: *JSC Mosenergosbyt*
Position: *member of the Board of Directors*

Period: *2004 - current*
Organization: *JSC "Lenenergo"*
Position: *member of the Board of Directors*

Period: *2004 - current*
Organization: *JSC Serov State District Electric Station*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC SDES-24*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC Stavropol Electric Generating Company*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC "Volgogradenergo"*
Position: *member of the Board of Directors*

Period: *2004 - current*
Organization: *JSC Primorenergoremont production repair enterprise*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC Territorial Generating Company No.2 (JSC TGC-2)*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC Territorial Generating Company No.4 (JSC TGC-4)*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *Third Generating Company of the Wholesale Electricity Market*
Position: *member of the Board of Directors*

Period: *2005 - current*
Organization: *JSC St.Petersburg Generating Company*
Position: *member of the Board of Directors*

Period: *2006 - current*
Organization: *JSC "Dalenergo"*
Position: *member of the Board of Directors*

Period: *2006 - current*
Organization: *JSC "Kuzbassenergo"*
Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *JSC Sixth Generating Company of the Wholesale Electricity Market*
Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *JSC Buryatgeneration*
Position: *Chairman of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Vladimir Generating Company*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC St.Petersburg Electric Grid Company*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC "Kirovenergo"*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Krasnoyarsk Generation*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Stavropol Joint-Stock Company of Energy Industry and Electrification*
Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *JSC Territorial Generating Company No.9 (JSC TGC-9)*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Udmurt Energy Sale Company*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Centre of Energy Industry*
Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Energozashchita Insurance Broker*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Territorial Generating Company No.10 (JSC TGC-10)*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Territorial Generating Company No.8 (JSC TGC-8)*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC Third Generating Company of the Wholesale Market*

Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *JSC Pskov State District Electric Station*

Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *JSC "Samarenergo"*

Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *JSC Chelyabinsk Generating Company*

Position: *member of the Board of Directors*

Period: *2006 - current*

Organization: *JSC Samara Territorial Generating Company*

Position: *member of the Board of Directors*

Period: *2005 - current*

Organization: *JSC "Moscow Regional Electric Grid Company"*

Position: *member of the Board of Directors*

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

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

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

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

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

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

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

The Charter of the Issuer does not stipulate existence of a joint executive body.

The person who does the functions of the sole executive body of the issuer:

General Director of OJSC "Moscow Regional Electric Grid Company"

Yury Ivanovich Trofimov

5.3. Data on amount of remuneration, privileges and/or indemnification of charges concerning each governance body of the issuer

In the second quarter of the current year the members of the Company Board of Directors were paid remuneration for participation in the meetings of the Board of Directors in 2005 in the amount of RUR 1,032,804, remuneration for participation in the meetings of the Board of Directors from 1 January, 2006, to 9 June, 2006, in the amount of RUR 781,041.

Information on the existing agreements concerning these payments in the current financial year:

The amount and procedure of remuneration and compensation payment to the members of the Board of Directors is fixed in the "Regulations for Payment of Remuneration and Compensation to the Board of Directors Members" approved by the Company annual General Shareholders Meeting on 28 March, 2006.

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

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

According to Article 21 of the issuer's Charter:

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

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

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

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

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

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

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

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

21.6. The procedure of the Company Checkup Committee's activities shall be determined by the internal document of the Company approved by the Company General Shareholder Meeting. The Checkup Committee in accordance with the decision on carrying out an examination (audit) in order to carry out the given examination (audit), shall be entitled to involve specialists in the respective field of law, economy, finance, accounting, management, economic security and other organizations, including the specialized ones.

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

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

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

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

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

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

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

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

On 27 July, 2005, OJSC "Moscow Regional Electric Grid Company", created structural subdivision – a group of internal control.

Key employees: Yury Mikhailovich Pupkov, Georgy Efremovich Possessor.

The main function of the Internal Control Department is control over the financial and economic activities of the issuer, its branches, and its structural divisions.

In 2006 the Issuer plans to create a committee for audit under the Board of Directors that will define the order of interaction between bodies of control over the financial and economic activity of the Issuer

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

The Internet website containing the text of the effective edition of the issuer's internal document establishing the rules for prevention of use of service (insider) information "Regulations for Insider Information of OJSC "Moscow Regional Electric Grid Company" is placed at www.moesk.ru .

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

The personnel structure of the Checkup Committee:

1. Anatoly Valerievich Baitov

Year of birth: ***1977***

Education: ***higher***

Positions for the past 5 years:

Period: **1999-2001**

Organization: ***Finance Management of the Kurgan Region Administration***

Position: ***leading specialist of the Control and Audit Department***

Period: **2001-2002**

Organization: ***JSC Index Bureau of Independent Examination (Moscow)***

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

Period: **2002-2003**

Organization: ***Representative office of RAO UES of Russia “Centrenergo”***

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

Period: **2003 - 2004**

Organization: ***The “Institute of Professional Directors” Fund***

Position: ***Deputy General Director***

Period: **2004- current**

Organization: ***«FGC UES», JSC***

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

Period: **2004- current**

Organization: ***«FGC UES», JSC***

Position: ***member of the Checkup Committee***

Period: **2005**

Organization: ***JSC Inter RAO UES***

Position: ***member of the Checkup Committee***

Period: **2005**

Organization: ***JSC “Yantarenergo”***

Position: ***member of the Checkup Committee***

Period: **2005- current**

Organization: ***JSC “Vladimirenergo”***

Position: ***member of the Checkup Committee***

Period: **2005**
Organization: **JSC “Astrakhanenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Oryolenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Karelenenergo”**
Position: **member of the Checkup Committee**

Period: **2005 - current**
Organization: **JSC “Sverdlovenenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Tulenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Rostovenergo”**
Position: **member of the Checkup Committee**

Period: **2005 - current**
Organization: **JSC “Volgogradenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Nizhnovenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Ivenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Kostromaenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC “Kurskenergo”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC Karela Transmission Networks**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC Oryol Transmission Network Company**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC Smolensk Transmission Electric Networks**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **OJSC “Moscow City Electric Grid Company”**
Position: **member of the Checkup Committee**

Period: **2005**
Organization: **JSC Tula Transmission Electric Grid Company**
Position: **member of the Checkup Committee**

Period: **2005**

Organization: *JSC Kursk Transmission Networks*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC Chelyabinsk Transmission Electric Networks*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC “Rostovenergo” Transmission Network Company*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC Tambov Transmission Network Company*

Position: *member of the Checkup Committee*

Period: *2005*

Organization: *JSC Yaroslavl Transmission Networks*

Position: *member of the Checkup Committee*

Period: *2005*

Organization: *JSC Kostroma Transmission Networks*

Position: *member of the Checkup Committee*

Period: *2005*

Organization: *JSC Nizhny Novgorod Transmission Network Company*

Position: *member of the Checkup Committee*

Period: *2005*

Organization: *JSC Penza Transmission Network Company*

Position: *member of the Checkup Committee*

Period: *2005*

Organization: *JSC Interregional Transmission Network Company of North-West*

Position: *member of the Checkup Committee*

Period: *2005*

Organization: *JSC Interregional Transmission Network Company of Urals*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC “Nurenergo”*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC “Kalugaenergo”*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC “Tverenergo”*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC “Voronezhenergo”*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC “Ryazanenergo”*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC Krasnoyarsk Transmission Networks*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC St.Petersburg Transmission Networks*

Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Vologda Transmission Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Kola Transmission Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Tyumen Transmission Network Company*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Orenburg Transmission Electric Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Transmission Network Company*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Sverdlov Transmission Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Ryazan Transmission Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Vladimir Transmission Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Volgograd Transmission Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Tver Transmission Networks*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Voronezh Transmission Network Company*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Moscow Managing Energy Company*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Kaluga Transmission Network Company*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC Interregional Transmission Network Company*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC IDGC of Centre and North Caucasus*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC*
Position: *member of the Checkup Committee*

Period: *2005 – current*
Organization: *JSC IDGC of Siberia*
Position: *member of the Checkup Committee*

Period: *2006 – current*

Organization: *JSC Kurgan Transmission Network Company*

Position: *member of the Checkup Committee*

Period: *2006 – current*

Organization: *JSC Kubanenergo*

Position: *member of the Checkup Committee*

Period: *2006– current*

Organization: *JSC “Kolenergo”*

Position: *member of the Checkup Committee*

Period: *2006 – current*

Organization: *JSC JSC “Kurganenergo”*

Position: *member of the Checkup Committee*

Period: *2006 – current*

Organization: *JSC “Krasnoyarskenergo”*

Position: *member of the Checkup Committee*

Period: *2006 – current*

Organization: *JSC “Tyumenenergo”*

Position: *member of the Checkup Committee*

Period: *2005 – current*

Organization: *JSC “Moscow Regional Electric Grid Company”*

Position: *member of the Checkup Committee*

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

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

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

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

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

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

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

2. Sergey Vyacheslavovich Vassiliev

Year of birth: *1975*

Education: *higher*

Positions for the past 5 years:

Period: **2000 -2002**

Organization: **JSC UES Yurenergo**

Position: **Deputy General Director – Head of the Administration**

Period: **2002 –2002**

Organization: **RAO UES of Russia JSC**

Position: **First Deputy Chief of the Law Department**

Period: **2002 – 2003**

Organization: **RAO UES of Russia JSC**

Position: **Acting Chief of the Law Department**

Period: **2003 – current**

Organization: **RAO UES of Russia JSC**

Position: **Chief of the Law Department**

Period: **2006 – current**

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

Position: **member of the checkup committee**

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

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

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

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

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

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

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

3. Lyudmila Romanovna Matyunina

Year of birth: **1950**

Education: **higher**

Positions for the past 5 years:

Period: **1998-2004**

Organization: **RAO UES of Russia JSC**

Position: **Deputy Chief of the Financial Audit Department**

Period: **2004- current**

Organization: **RAO UES of Russia JSC**

Position: **First Deputy Director of the Internal Audit Department of the Corporate Center**

Period: **2005 – current**

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

Position: **member of the checkup committee**

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

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

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

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

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

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

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

4. Anna Lvovna Parfyonova

Year of birth: **1975**

Education: **higher**

Positions for the past 5 years:

Period: **2001 - 2005**

Organization: **Counting Chamber of the Volgograd Region, Volgograd**

Position: **consultant**

Period: **2005 - current**

Organization: **JSC IDGC of Centre and North Caucasus**

Position: **leading specialist of the Department of Financial Control and Audit**

Period: **2006 - current**

Organization: **OJSC “Moscow Regional Electric Grid Company”**

Position: **member of the Checkup Committee**

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

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

Number of the company's shares of each category (type) which may be acquired as a result of exercising the

rights under the issuer's options belonging to the person: **0**

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

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

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

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

5. Alexander Georgievich Erlikhman

Year of birth: **1978**

Education: **higher**

Positions for the past 5 years:

Period: **2000 – 2001**

Organization: **JSC Bank 1 OVC**

Position: **economist of the Treasury**

Period: **2001-2003**

Organization: **CJSC “Guta Bank CB”**

Position: **Principle Manager for the top clients support**

Period: **2003-2005**

Organization: **“AGROPROMKREDIT CB” LLC**

Position: **Chief of the Division for Monitoring, Development and Organization of Bank Products Introduction; Principle Specialist of the Corporate Business Development Management**

Period: **2005-2005**

Organization: **“Russian International Bank” CB LLC**

Position: **Deputy Chief of the corporate clients support division**

Period: **2005-current**

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

Position: **Chief of the Financial Division**

Period: **2006 – current**

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

Position: **member of the checkup committee**

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

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

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

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

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

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

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

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

In the second quarter of the current year the members of the audit committee of the Company and specialists attracted by the Checkup Committee of the Company who are not members of the Audit Committee paid remuneration for checks of the financial and economic activities of the Company in the first half-year of 2005 in the amount of RUR 354,900.

Information on the effective agreements on such payments in the current financial year:

The amount and procedure of payment of remuneration and compensation to members of the checkup committee is established by the Regulations for Remuneration and Compensation Payment to the Checkup Committee Members approved by the extraordinary General Shareholders Meeting of OJSC «Moscow Regional Electric Grid Company» on 28 March 2006.

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

The average number of the issuer's employees (staff), including the employees (staff) working with its branches and representative offices, and the amount of contributions for the labour payment and social support.

Indicator	Quarter 2, 2006
Average staffing number, people	10,135
Share of the issuer's employees having higher professions education, %	28
Amount of monetary funds allocated for labour remuneration, RUR '000	1,429,073,091
Amount of monetary funds allocated for social support, RUR '000	128,644,007
Total amount of the spent monetary funds, RUR '000	1,557,717,098

In opinion of OJSC «Moscow Regional Electric Grid Company», the employee rendering a material influence on the issuer's financial and economic activities (key employees) is:

1. Yury Ivanovich Trofimov - General Director;

On 27 October 2005, a primary trade-union organization of the Moscow Regional Committee "Electrounion" was created at the enterprise. The trade-union committee consists of eight people elected for 5 years. The checkup committee of the trade-union organization consists of three people.

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

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

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

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

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

Total amount of persons recorded in the shareholders' register of the issuer for the date of the end of the second quarter– **18,503**

Including

Total amount of the issuer's nominee shareholders – **21**

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

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

1. The share of the authorized capital of the issuer accounting for 29.4279 % is registered in the shareholders' register in the name of the nominee shareholder:

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

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

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

Phone: **(495) 956-0999, 411-8338** Fax: **(495) 232-68-04** E-mail: **dcc@dcc.ru**

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

Amount of ordinary shares of the issuer belonging to the given body - **8,313,182,465 pieces (nominee shareholder)**

2. The share of the authorized capital of the issuer in the amount of 8.5727 % is registered in the issuer's shareholders register in the name of the nominee shareholder:

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

Short company name: **NDC**

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

Phone: **(495) 956-2-659** Fax: **(495) 965-09-38** E-mail: **info@ndc.ru**

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

Amount of ordinary shares belonging to the given body - *2,421, 734, 398 pieces (nominee shareholder)*

3. The share of the authorized capital of the issuer in the amount of 50.9009% is registered in the issuer's shareholders register in the name of the nominee shareholder:

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

Short company name: *LLC "DCT"*

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

Phone: *(495) 641-30-31*, Fax: *(495) 641-30-31*; E-mail: *Dkt@depotech.ru*

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

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

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

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

0.000036% is in ownership of the Moscow Region

Holder of the parcel of shares:

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

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

Postal address: *18 Lesteva street, Moscow, 115162*

Body fulfilling on behalf of the RF component unit the functions of the issuer's shareholder: *Ministry of Property Relations of the Moscow Region.*

Special Right for the participation of the Russian Federation, subjects of the Russian Federation, municipal formations in the issuer's administration: *no*

6.4. Data on restrictions on participation in the authorized (joint-stock) capital (share fund) of the issuer

The limiting of shares amount belonging to one shareholders and/or their total nominal value, and/or maximum amount of votes presented to one shareholder: *no*

Limitation for the share of the foreign persons' participation in the authorized capital of the issuer: *no*

Other limitations connected with the participation in the authorized (share) capital (share fund) of the issuer: *no*

6.5. Data on changes in the composition and stake of the issuer's shareholders (participants) owning at least 5 percent of its authorized (joint-stock) capital (share fund) or at least 5 percent of its ordinary shares

Information on the structure and amount of the issuer's shareholders participation possessing at least 5% of his/her ordinary shares and for 5 past completed financial years is not presented concerning the fact that the issuer is registered as a legal body on April 1, 2005.

There is information on the structure and amount of the issuer's shareholders participation possessing at least 5% of his/her ordinary shares for the date of the list of persons compiling possessing the right to participate in the general meeting of shareholders as of 28 March, 2008, and at the annual general shareholder meeting.

<i>Type of meeting</i>	<i>Date of the list of persons compiling the right to take part in the general meeting of shareholders</i>	<i>Name of the Shareholder</i>	<i>Share of the authorized capital, %</i>	<i>Amount of the ordinary shares, %</i>
<i>EGSM</i>	<i>28 March, 2006</i>	<i>United Energy System of Russia Russian open joint-stock company of electric energy and electrification</i>	<i>50.90</i>	<i>50.90</i>
		<i>Leader (CJSC) (Pension fund asset management company) BO NPF "Gazfond"</i>	<i>18.40</i>	<i>18.40</i>
		<i>Solidene Inc.</i>	<i>6.63</i>	<i>6.63</i>
		<i>WELLSTONE TRADING LIMITED</i>	<i>6.00</i>	<i>6.00</i>
<i>AGSM</i>	<i>26 June, 2006</i>	<i>United Energy System of Russia Russian open joint-stock company of electric energy and electrification</i>	<i>50.90</i>	<i>50.90</i>
		<i>Leader (CJSC) (Pension fund asset management company) BO NPF "Gazfond"</i>	<i>18.40</i>	<i>18.40</i>
		<i>Solidene Inc.</i>	<i>6.00</i>	<i>6.00</i>
		<i>WELLSTONE TRADING LIMITED</i>	<i>6.63</i>	<i>6.63</i>

6.6. Data on the issuer's interested-party transactions

In the second quarter of 2008 the issuer made thirteen interested-party transactions approved by the Board of Directors of the Company for the total sum of RUR 186,471,060.54 (Including VAT in the amount of RUR 28,444,737.97) and one interested-party transaction with Gazprombank Joint-Stock Bank JSC approved by the Board of Directors the price for which is defined under the tariffs of Gazprombank Joint-Stock Bank JSC.

In the second quarter of the current year the issuer did not conclude transactions (a group of transactions) the price of which is five and more percent of the balance cost of assets of the issuer defined on the basis of its accounting reporting for the last accounting date before conclusion of the transaction.

6.7. Data on debt receivable amount

Structure of the issuer's accounts receivable indicating the term of the obligations fulfillment for the date of the second quarter of the present financial year:

<i>Name of the indicator</i>	<i>30 June, 2006</i>
<i>Total sum of accounts receivable, RUR thousand</i>	<i>5,626,189</i>
<i>Total sum of overdue accounts receivable RUR thousand</i>	<i>-</i>

Structure of the accounts receivable for 30 June, 2006:

Type of accounts receivable, RUR	Payment term	
	Less than 1 year	More than 1 year
Trade debtors	<i>925,758,576</i>	<i>38,705,879</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Notes payable, receivable	<i>0</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Accounts receivable of the participants (founders) concerning the contributions to the authorized fund (capital)	<i>0</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Advances made accounts receivable	<i>3,969,212,290</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Other accounts receivable	<i>6,91,762,507</i>	<i>748,660</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Total:	<i>5,586,733,373</i>	<i>39,454,539</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>

Debtors which share accounts for at least 10% of the total amount of the accounts receivable:

Debtors which share accounts for at least 10% of the total amount of the whole sum of the accounts receivable:

Full company name: ***Open Joint-Stock Company "Mosenergosbyt"***

Short company name: ***OJSC "Mosenergosbyt"***

Accounts receivable amount: ***RUR 810,427,978***

Amount and conditions of the overdue accounts receivable (interest rate, penal sanctions, fines): **no**
OJSC "Mosenergosbyt" is not the issuer's affiliated company

Full company name: ***PROMTEKHNIKA limited liability company***

Short company name: ***PROMTEKHNIKA ltd***

Accounts receivable amount: ***RUR 1 810 724 535***

Amount and conditions of the overdue accounts receivable (interest rate, penal sanctions, fines): **no**
PROMTEKHNIKA ltd is not the issuer's affiliated company

VII. Issuer's accounting reports and other financial information:

7.1. Annual accounting reports

Annual accounting reports of the issuer for 2005 is presented within the quarterly report of the Issuer for the first quarter of 2006.

7.2. Quarterly accounting reports of the issuer for the previous completed reporting quarter

Quarterly financial statement of the issuer for the second quarter of 2006 made up in accordance with the requirements of the Russian Federation legislation is enclosed into the present quarterly reporting (Appendix No.1)

Financial statement of the issuer for the second quarter of 2006 consists of:

- *balance sheet (form No.1)*
- *income statement (form No. 2)*

The Issuer does not make the quarterly financial statement in accordance with International Financial Reporting Standards or the generally acquired principles of the financial statement making in the USA.

7.3 Summary accounting reports of the issuer for the previous completed fiscal year

Due to the fact that the issuer does not have affiliate and/or dependent companies, the summary accounting reports were not made.

The issuer did not make the summary accounting reporting under the International Financial Accounting Standards.

7.4. Data on the issuer's accounting policy

Information on the accounting policy of the Issuer for 2006 is set out in Appendix No.2 to the quarterly report.

7.5. Data on total amount of export and an export share in the total amount of sales

The Issuer does not carry out the export of the products (goods, works services).

7.6. Data on the value of the issuer's real estate and essential changes which occurred in the structure of the issuer's property after the date of the previous completed fiscal year.

The total value of the fixed assets and the amount of the accumulated depreciation for the date of the reporting quarter end.

Information as of 30 June, 2006

No.	Name	Total cost (RUR, thousand)	Amount of the accumulated depreciation (RUR, thousand)
1	<i>Buildings, construction and transmission devices</i>	<i>39,069,235</i>	<i>404,014</i>

During 12 months before the date of the reporting quarter end the assessment of the fixed assets owned or rented for the long term by the issuer was not carried out by the appraiser.

Information about any changes within the immovable property of the issuer and about any acquisition or retirement for different reasons of any other property of the issuer, if the balance cost of such property is over 5 percent of the balance cost of the issuer's assets, and information about any other changes essential for the issuer that took place in the property of the issuer after the date of completion of the completed financial year till the end date of the accounting quarter.

There were no acquisition and retirement of the fixed assets objects with the cost exceeding 5 per cent of the balance value of the issuer's assets after the end of the financial year.

7.7. Data on participation of the issuer in litigations if such participation may have a material effect on the financial and economic activities

There were no judicial proceedings which could considerably influence the financial and industrial activity of the Company.

VIII. Additional information on the issuer and the placement of the equity securities

8.1. Additional data on the issuer

8.1.1. Data on the amount, structure of the authorized (joint-stock) capital (share fund) of the issuer

Information on the authorized capital of the issuer:

Amount of the authorized capital is *14,124,679,850 (fourteen billion one hundred and twenty-four million six hundred and seventy- nine thousand eight hundred and fifty) rubles*

Ordinary shares: *28,249,359,700 (twenty-eight billion two hundred and forty-nine million three hundred and fifty- nine thousand seven hundred) pieces.*

Total par value of the ordinary shares: *14,124,679,850 (fourteen billion one hundred and twenty-four million six hundred and seventy- nine thousand eight hundred and fifty) rubles.*

Share of the ordinary shares in the authorized capital of the issuer: **100%**

Par value of each share: **RUR 0.5**

Shares of the issuer do not circulate beyond the boundaries of the Russian Federation.

8.1.2. Data on the change of the amount of the authorized (joint-stock) capital (share fund) of the issuer

From the moment of the state registration of the issuer as a legal entity (1 April, 2005) , the amount of the authorised capital of the issuer did not change.

8.1.3. Data on formation and use of the reserve fund and other funds of the issuer

The name of the fund is the **reserve fund**.

Amount of the fund established in accordance with the authorized documents: *in accordance with the articles of the Issuer, the creation of the Reserve fund is determined in the amount of 5% form the issuer's authorized capital.*

amount of the fund expressed in money means for the date of the reporting period end and in percentage terms from the authorized (share) capital (co-op share fund): *RUR 64,690k – 0.458% of the authorised capital.*

amount allocated to the fund during the reporting period: *RUR 64,690k*

amount of the fund means used during the correspondent reporting period and directions of these means use: *Reserve fund means were not used in the reporting period*

”.

8.1.4. Data on the procedure of convocation and carrying out the meeting (conference) of the issuer supreme governance body

Name of the top body of the issuer's management: *General meeting of shareholders*

The order of shareholders' notifying on meeting (session) carrying out of the top body of the issuer's management in accordance with the Articles:

11.5. Notification on the General Meeting of shareholders carrying out is addressed to (or handled to) each person indicated in the list of persons possessing the right to take part in the General meeting of

shareholders and also shall be published by the Company at least 30 days prior to the date of its carrying out in socio-political newspaper "Izvestia".

If the nominee shareholder is registered in the Company's shareholder's register the notification on the General meeting of shareholders carrying out is directed to the nominee shareholder if the list of persons possessing the right for participation in the General meeting of shareholders does not contain other postal addresses the notification on the General meeting of shareholders shall be directed to.

11.6 Agenda issues voting bulletins shall be sent via postal special delivery to the address indicated in the list of persons possessing the right to participate in the general meeting of shareholders or given against signature to each person indicated in the list of persons possessing the right to participate in the General meeting of shareholders if there is no other address the notification on the General meeting of shareholders carrying out shall be sent to.

Each person included into the list shall be presented one copy of the bulletin for voting concerning all items or one copy of two and more bulletins for voting concerning different issues.

12.4 Notification on the General Meeting of shareholders carrying out by means of the absentee voting shall be published by the Company in the socio-political newspaper "Izvestia" at least 30 (Thirty) days prior to the date of the bulletin acquisition deadline.

12.5. Agenda questions voting bulletins shall be sent via postal special delivery to the address indicated in the list of persons possessing the right to participate in the general meeting of shareholders or given against signature to each person indicated in the list of persons possessing the right to participate in the General meeting of shareholders at least 20 (Twenty) days prior to the date of the Company's bulletins acquisition deadline.

Each person included into the list shall be presented one copy of the bulletin for voting covering all agenda items or one copy of two and more bulletins for voting concerning different issues.

The order of persons' familiarization with agenda items information (materials) concerning the agenda of the General meeting of shareholders and the list of such information (materials) shall be determined by the decision of the Company's Board of Directors.

Persons (bodies) entitled to convene (require holding) of the extraordinary meeting (session) of the issuer's top management body and also the order of the direction (presentation) of such requirements in accordance with the Articles:

14.2. Extraordinary General Meeting of Shareholders shall be carried out by the decision of the Board of Directors of the Company on the basis of their own initiative, requirements of the Checkup Committee of the Company, Company's Auditor and also a shareholder (shareholders) of the Company possessing at least 10 (Ten) per cent of the voting shares of the Company for the date of the requirement presentation.

14.4 Items that are to be included into the agenda of the Company's General Meeting of Shareholders shall be presented in the requirement of the Company's General meeting of shareholders carrying out.

14.5. If the requirement to hold the Extraordinary General Meeting of shareholders of the Company is presented by the shareholder (shareholders), it shall contain the name (description) of the shareholder (shareholders) requiring the meeting carrying out indicating the quality, category (type) of the Company's shares belonging to them.

Requirements of the company's extraordinary General Meeting of shareholders convening shall be signed by a person (persons) who require the Company's Extraordinary General Meeting of shareholders.

The order of the meeting date of the Issuer's top management body determination is carried out in accordance with the Articles:

11.1. Annual General meeting of shareholders of the Company shall be carried out not earlier than two months after and not later than six months after the financial year end.

Annual General meeting of shareholders must solve the issues of the election of the Board of Directors, and Checkup committee. It must also approve the Auditor of the Company, Annual report of the Company presented by the Company's Board of Directors together with reports on profits and losses (income statement) of the Company, and also profit distribution (including the payment (declaration) of dividends except for profit distributed as dividends concerning the results of the first quarter, half year, nine months of the financial year) and losses of the Company concerning the results of the financial year.

14.3. Convening of the General Meeting of shareholders by the requirement of the Checkup Committee of the Company, Auditor of the Company and shareholder (shareholders) being the owners of at least 10 (Ten) percent of the Company's voting shares is carried out by the Company's Board of Directors.

Such General meeting of shareholders shall be carried out within 40 (Forty) days since the moment of the requirement presentation on the Company's General Meeting of shareholders carrying out, except for the case determined by paragraph 14.9 of the Articles.

Persons who are entitled to introduce suggestions to the agenda of the issuer's top management body meeting and also the order of such suggestions introduction according to the Articles:

13.1. Shareholders (shareholder) being the owners of at least 2 per cent of the company's voting shares possess the right to introduce the amendments to the agenda to the Annual general meeting of shareholders and promote candidates to the Company's Board of Directors and Checkup committee, which amount can not exceed the qualitative structure amount of the correspondent body. Such proposals shall be introduced to the Company not later than 60 (Sixty) days after the financial year end.

13.2. The suggestion to introduce the issues to the agenda of the General Meeting of shareholders and the suggestion on the candidates promotion shall be presented in the written form with the indication of the name (description) of the shareholders (shareholder) representing them, amount and category (type) of shares belonging to them and are to be signed by the shareholders (shareholder).

13.3. The suggestion to present the items to the agenda of the General meeting of shareholders shall contain the wording of each proposed item, and the proposal on candidates' promotion shall contain the name and data of the document of identification (series and (or) number of the document, date and place of its issue and the body issued the document) of each promoted candidate, and the name of the body he/she is promoted to.

Persons that possess the right to familiarize themselves with information (materials), presented for the preparation and carrying out of the meeting (session) of the top management body of the issuer and also the order of familiarization with such information (materials) in accordance with the Articles:

11.7. Information (materials) concerning the agenda items of the General Meeting of shareholders 20 (Twenty) days prior, or should the General Meeting of shareholders agenda contain the item on the Company's restructuring - 30 (Thirty) days prior to the General Meeting of Shareholders carrying out shall be available for the persons entitled to take part in the General Meeting of shareholders for them to familiarize themselves in the office of the General Meeting of shareholders. The abovementioned information (materials) shall be available for the persons entitled to take part in the General meeting of shareholders during its carrying out.

The order of the persons entitled to take part in the General meeting of shareholders familiarization with information (materials) concerning the agenda items of the General meeting of shareholders and the list of such information shall be determined by the Company's Board of Directors.

8.1.5. Data on the commercial organizations, in which the issuer owns at least 5 percent of the authorized (joint-stock) capital (share fund) or at least 5 percent of ordinary shares

Commercial organizations where issuer possesses at least 5 per cent of the authorized (share) capital (co-op share fund) or at least 5 per cent of the ordinary shares for the date of the financial year reporting quarter end: none.

8.1.6. Data on material transactions completed by the issuer

In the reporting quarter, the issuer did not make substantial transactions (group of interconnected transactions) which amount of obligations accounts for 10 and more per cent of the balance value of the issuer's assets concerning the date of his/her financial statement for the past accounting period prior the transaction making.

8.1.7. Data on credit ratings of the issuer

The issuer and/or the securities of the issuer did not receive credit ratings.

8.2. Data on each category (type) of the issuer's shares

Category: *ordinary registered shares*

Nominal value of each share: *RUR 0.5*

Amount of outstanding shares (amount of shares canceled or void): *28,249,359,700 (twenty-eight billion two hundred and forty-nine million three hundred and fifty- nine thousand seven hundred) pieces.*

Amount of additional outstanding shares being in the process of placement (amount of shares of the additional issue which did not go through the state registration of the report on the results of the issue): *no such shares*

Amount of declared shares: *no such shares*

Amount of shares being on the issuer's balance: *no such shares*

Amount of the additional shares which can be placed as a result of conversion of the placed securities convertible into shares or as a result of the obligations carrying out concerning the issuer's option: *no such shares*

State registration number and the date of the state registration of the issuer's shares:

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

Rights the ordinary shares holders are entitled with:

According to paragraph 6.2. of article 6 of the Issuer's Articles: "Each ordinary share entitles the shareholder – its owner with equal amount of rights.

Shareholders – owners of the ordinary shares of the Company are entitled to:

- 1) take part personally or via representatives in the General meeting of Company's' shareholders with the right to give votes for all the questions concerning their scope of functions;*
- 2) introduce the suggestions to the agenda of the general meeting in the order determined by the Legislation of the Russian Federation and Articles;*
- 3) acquire information concerning the Company's activity and get acquainted with the documents of the Company in accordance with article 91 of the Federal law "On Joint-Stock Companies", other normative legal acts and the Article;*
- 4) receive dividends declared by the Company;*
- 5) primarily acquire additional shares and equity securities convertible into shares placed by means of open public subscription in the amount proportionate to the amount of ordinary shares belonging to them;*
- 6) get a part of its property in case of the Company's liquidation;*
- 7) carry out other rights determined by the legislation of the Russian Federation and the Articles"*

Paragraph 13.1 of article 13 of the Charter: "Shareholders (shareholder) of the Company, possessing together with the owners at least 2 per cent of the voting shares of the Company are entitled to introduce items to the agenda of the Annual general meeting of shareholders and promote candidates to the Board of Directors of the Company and Checkup Committee of the Company. Their amount shall not exceed the quantitative structure amount of the correspondent body. Such proposals shall be presented to the Company not later than 60 (Sixty) days after the financial year end."

Paragraph 14.2 of Article 14 of the Articles: "Extraordinary General meeting of shareholders shall be carried out by the Decision of the Company's Board of Directors on the basis of their own initiative, requirements of the Checkup committee of the Company, Auditor of the Company or shareholder (shareholders) of the company being the owners of at least 10 (Ten) per cent of the voting shares of the company for the date of the requirements presentation".

Paragraph 21.7 of article 21 of the Articles: “Checkup (Audit) of the financial and industrial activity of the Company can be carried out each time by the initiative of the Checkup Committee of the Company, decision of the General meeting of shareholders, Company’s Board of Directors or by the requirement of the shareholder (shareholders) of the Company possessing in total at least 10 per cent of the voting shares of the Company”.

8.3. Data on the previous issues of the issuer’s equity securities except for the issuer’s shares

|The issuer did not issued securities, except for shares.

8.3.1. Data on the issues all the securities of which are repaid (annulled)

There are no issues where all equity securities were redeemed (cancelled).

8.3.2. Data on the issues, the securities of which are outstanding

There are no issues the securities of which are in circulation, except for the issuer’s shares.

8.3.3 Data on the issues, the obligations of the issuer under the securities of which were not executed (default)

There were no securities issues which securities obligations were not fulfilled (default).

8.4. Data on the person (persons) who provided securing the bonds of the issue.

The issuer did not issue bonds.

8.5. Terms of execution of the securing under the issuer’s bonds

The issuer did not make any issues before.

8.6. Data on the organizations which carry out registration of the rights to the equity securities

The person who keeps the register of owners of the issuer's nominal securities - *the registrar.*

The full company name of the registrar: *Register Service Specialised Register closed joint-stock company*

The reduced company name: *JSC Register Service Specialised Register*

The location of the registrar: *115035, Moscow, Sadovnicheskaya St, 15*

Number of the license: *10-000-1-00312*

Date of license issuance: *30 March 2004*

Validity of the registrar's license for carrying out the activities of keeping the register of securities owners: *for an indefinite time*

The authority which issued the license: *Federal Commission for the Securities Market of the Russian Federation*

Other information about keeping of the register of the owners of the issuer’s securities specified by the issuer at its own discretion: *none.*

8.7. Data on the legislative acts regulating issues of import and export of the capital, which may influence payment of dividends, interest and other payments to non-residents

Tax Code of the Russian Federation, part I, as of 31 July, 1998, No. 146-FZ (with amendments as of 30 March, 9 July of 1999; 2 January, 5 August, 29 December of 2000; 24 March, 30 May, 6 August, 7 August, 8 August, 27 November, 29 November, 28 December, 29 December, 30 December of 2001; 29 May, 24 July, 25 July, 24 December, 27 December, 31 December of 2002, 6 May, 22 May, 28 May, 6 June, 23 June, 30 June, 7 July, 11 November, 8 December, 23 December of 2003, and 5 April, 29 June, 30 June, 20 July, 28 July, 29 July, 18 August, 20 August, 22 August, 4 October and 2 November of 2004);

Tax Code of the Russian Federation, part II, as of 5 August, 2000, No. 117-FZ (with amendments as of 29 December of 2000; 30 May, 6 August, 7 August, 8 August, 27 November, 29 November, 28 December, 29 December, 31 December of 2001; 29 May, 24 July, 25 July, 24 December, 27 December, 31 December of 2002; 6 May, 22 May, 28 May, 6 June, 223 June, 30 June, 7 July, 11 November, 8 December, 23 December of 2003, and 5 April, 29 June, 30 June, 20 July, 28 July, 29 July, 18 August, 20 August, 22 August, 4 October, 2 November, 29 November, 28 December, 29 December and 30 December of 2004);

Customs Code of the Russian Federation as of 28 May, 2003, No. 61-FZ (with amendments and additions as of 31 December of 2003, and 29 June, 20 August and 11 November of 2004)

Federal Law as of 10 December, 2003, No. 173-FZ "On currency regulation and currency control" (with amendments and additions as of 29 June, 2004);

Federal Law as of 9 July, 1999, No. 160-FZ "On foreign investments into the Russian Federation" (with amendments as of 21 March and 25 July of 2002, and 8 December of 2003);

Federal Law as of 25 February, 1999, No. 39-FZ "On investment activity in the Russian Federation which is carried out in the form of capital foreign investments" (with amendments as of 2 January, 2000 and as of 22 August, 2004);

Federal Law as of 7 August, 2001, No. 115-FZ "On counteraction to legalisation of incomes received by a criminal way and terrorism financing" (with amendments as of 25 July and 30 October of 2002, and 28 July, 2004);

Decree of the President of the Russian Federation as of 10 June, 1994, No.1184 "On perfection of work of the bank system of the Russian Federation" (with amendments and additions as of 27 April,1995.)

Position of the Central Bank of the Russian Federation as of 4 May, 2005, No.269-P "On opening of bank accounts of non-residents by Bank of Russia in currency of the Russian Federation and carrying out of operations under the specified accounts".

Instruction of the Central Bank of the Russian Federation as of 15 June, 2004, No.117-I "On the process of representation by residents and non-residents to the authorised banks of documents and the information at realisation of currency transactions, an account order the authorised banks of currency transactions and registrations of passports of transactions";

The instruction of the Central Bank of the Russian Federation as of 28 December, 2000, N 96 "On special accounts of non-residents of type "C" (amended in the Instructions of the Central Bank of the Russian Federation as of 25 February, 2003, N 1253, as of 13 August, 2003, N 1319);

Instruction of the Central Bank of the Russian Federation as of 7 June, 2004, N 116 "On kinds of special accounts of residents and non-residents" (amended in the Instructions of the Central Bank of the Russian Federation as of 16 December, 2004, N 1529)

Letter of the Central Bank of the Russian Federation as of 31 October, 2002, No.20 "Generalization of practice of application of statutory acts of Bank of Russia concerning currency regulation";

Letter of the Federal Committee for the Securities Market of Russia as of 6 April, 2005, No.05-OV-03/5060 "On payment of shares by a foreign currency";

Letter of the Central Bank of the Russian Federation as of 31 March, 2005, No.31 "Questions connected with application of Federal law as of 10 December, 2003, No.173-FZ "On currency regulation and the currency control" and statutory acts of Bank of Russia";

International contracts of the Russian Federation concerning avoidance of double taxation.

Other standard legal acts of the Russian Federation.

8.8. Description of incomes taxation procedure of the issuer's floated equity securities and equity securities which are in the process of floatation

Taxation of income of physical persons (tax residents of the Russian Federation, and those who are not tax residents of the Russian Federation but who receive income from sources in the Russian Federation).

In compliance with item 208 of the RF-TC, dividend and interest received from the Russian organization, income from selling the issuer's securities in the Russian Federation and beyond its bounds are the incomes which are subject to income taxation of physical persons.

If the source of the income in the form of the dividend is the Russian organization, the specified organization is recognized to be a tax agent and determines the amount of the tax separately for each tax payer with reference to each payment of the specified incomes under the 9% rate (item 224 of the RF-TC) in accordance with the procedure established by item 275 of the RF-TC.

The tax amount is calculated proceeding from the total amount of the tax and the share of each tax payer in the total amount of dividends. The total amount of the tax is determined as a product of the tax rate and the difference between the amount of the dividends to be distributed between shareholders (participants) in the current tax period reduced by the amounts of the dividends to be paid by the tax agent of the foreign organization and (or) to the physical person who is not a resident of the Russian Federation, in the current tax period, and the amount of the dividends received by the tax agent in the current reporting (tax) period.

If the Russian organization - the tax agent, pays dividends to the physical person - non-resident of the Russian Federation, the 30% tax rate is applied to these payments according to item 3, Article 224, the RF-TC.

In compliance with Article 214.1 of the RF-TC, the tax base under each operation with securities and operations with financial instruments of term transactions, the basic asset under which are securities (futures and option transactions at the stock exchange), is defined separately. Thus, the incomes received under the following operations are registered:

Sale and purchase of securities which are outstanding at the organized securities market;

Sale and purchase of the securities which are not outstanding at the organized securities market;

With financial instruments of term transactions, the basic asset under which is securities;

Sale and purchase of investment units of share investment funds, including their repayment;

With securities and financial instruments of term transactions, the basic asset under which is securities, which are carried out by a trustee in favour of the trustor that is a physical person.

According to item 3, Article 214.1, the RF-TC, the tax base - the income (loss) under operations of sale and purchase of securities, is defined as the amount of incomes under the total number of transactions with securities of the corresponding category completed during the tax period minus the amount of losses. The income (loss) is defined as a difference between the amounts received from securities selling and charges on purchase, selling and storage of securities, or the property deductions accepted in the part of reduction of incomes of the securities sale and purchase transaction.

The income under the transaction of sale and purchase of the securities outstanding on the organized securities market is reduced by an amount of interest for using of the involved money resources, but within the limits of the amounts calculated proceeding from the current rate of refinancing of the Central Bank of the Russian Federation. The amount of the loss under such transaction is defined in view of the limiting border of fluctuations of the market price of securities. Thus, the securities outstanding on the organized securities market include the securities admitted to the outstanding at trade organizers' who have the license of the federal authority for regulation of the securities market.

If charges may not be directly referred to charges on purchase, selling and storage of the specific securities, the specified charges are distributed proportionally to the value estimation of the securities, the specified charges are incurred in relations to. If it is impossible to confirm the charges documentary, the tax payer is

entitled to use the property tax deduction stipulated by paragraph 1, subitem 1, item 1, Article 220, the RF-TC.

The property tax deduction or deduction in the amount of actually incurred and documentary confirmed charges is provided to the tax payer at calculation and payment of the tax to the budget from the source of income payment or upon termination of the tax period at submission of the tax declaration to the tax authority. If there are several sources of income payment, the property tax deduction is made only from one source of income payment at the tax payer's option.

At definition of tax base under operations of securities sale and purchase, it is necessary to take into consideration that the loss under operations with the securities outstanding on the organized securities market reduces the tax base under securities sale and purchase operation of this category. The income from operations of sale and purchase of securities which are not outstanding on the organized securities market, which at the moment of their purchase met the requirements established for the securities outstanding on the organized securities market, may be reduced by an amount of the loss received from operations of sale and purchase of securities outstanding on the organized securities market.

The tax base under operations with financial instruments of term transactions is defined as a difference between the positive and negative results received based on the results of reassessment of obligations and rights of requirements under completed transactions and execution of financial instruments of term transactions, in view of payment of services of exchange intermediaries and stock exchange on opening of positions and keeping of the physical person's accounts. Thus, the tax base increases by an amount of the bonuses received under transactions with options, and decreases by an amount of the bonuses paid under the specified transactions.

At definition of the tax base under operations with the securities which are carried out by the trustee, charges of the tax payer also include the amounts paid to the trustee in the form of remuneration and compensation of the charges incurred by him/her under the operations with securities.

If at realization of trust management, transactions with securities of various categories are completed, and if there appear other types of income (dividend, interest), the tax base is defined separately for each category of securities and each type of income. Charges which cannot be directly referred to reduction of the income under transactions with securities of the corresponding category or to reduction of the corresponding type of income, are distributed proportionally to the share of each type of income.

The tax base under operations of sale and purchase of securities and operations with financial instruments of term transactions is defined upon termination of the tax period (i.e. year). Thus calculation and payment of the amount of the tax is performed by the tax agent upon termination of the tax period or at realization of payment of money resources by it to the tax payer before the expiration of the next tax period. In this case the tax should be paid from the share of the income which corresponds to the actual amount of paid money resources. At realization of payment more than once during the tax period, the calculation of the amount of the tax is made by an accruing result taking into account the tax amounts paid earlier.

The tax agent with respect to the incomes of operations with the securities referred to the trustees is the latter. The tax base under these operations is defined at the date of the end of the tax period or at the date of payment of money resources before the expiration of the tax period. The tax thus is subject to payment within one month from the date of the termination of the tax period or the date of payment of money resources (transfer of securities). At realization of payments from the funds which are in trust management before the expiration of the trust management contract or before the termination of the tax period, the tax is paid from the share of the income which corresponds to the actual amount of the funds which are paid to the trustor.

If it is impossible to deduct the computed tax from the tax payer by the income payment source, the tax agent within one month from the moment of occurrence of this circumstance notifies in writing the tax authority in the locality where it is registered on the impossibility to deduct the tax and on the amount of the tax payer's debt. Payment of the tax in this case is made by equal shares in two payments: the first is made not later than 30 days from the date of delivery by the tax authority of the notice on payment of the tax; the second is paid not later than 30 days after the first term of payment.

The order of the tax calculation under incomes of operations with securities is defined by item 1, Article 225, RF-TC, according to which the tax amount is estimated as a percentage share of the tax base complying with the tax rate (for physical persons - tax residents of the Russian Federation, it is 13%; for the physical persons,

who are not tax residents of the Russian Federation, it amounts to 30%, in conformity with Article 224 of the RF-TC).

Taxation of legal entities (of both the Russian organizations, and the foreign organizations which carry out their activities in the Russian Federation through permanent representative offices and/or receive income from the sources in the Russian Federation).

According to item 1, Article 250, the RF-TC, the incomes from the individual shares in other organizations (in the form of dividend) and the incomes received from operations with financial instruments of term transactions are recognized to be extraordinary incomes which are taxable. Thus, the date of reception of the income is the date of receipt of money resources on the settlement account (cash register) of the tax payer.

According to item 1, Article 265, the RF-TC, charges in the form of interest under debt instruments of any type (including under securities and other obligations which are issued by the tax payer, charges on the organization of issuance of own securities, servicing of own securities, granting of the information to shareholders, and the charges connected with service of securities acquired by the tax payer are extraordinary charges which reduce the tax base under the profit tax. The date of realization of the extraordinary charges connected with acquisition of securities is the date of realization or other retirement of securities.

The peculiarities of definition of the tax base under the incomes received from the individual share in other organizations (dividend) are established in Article 275 of the RF-TC.

If the source of the income is the Russian organization, the specified organization is recognized to be the tax agent and defines the amount of the tax. Thus, the amount of the tax to be deducted from incomes of the dividends' receiver is calculated by the tax agent proceeding from the total amount of the tax and the share of each tax payer in the total amount of the dividend. The total amount of the tax is defined as a product of the 9% tax rate (Article 284 of the RF-TC) and the difference between the amount of the dividend which are subject to distribution between shareholders in the current tax period reduced by the amounts of the dividends payable by the tax agent to the foreign organizations and/or the physical person who is not the RF resident, in the current tax period, and the amount of the dividend received by the tax agent in the current tax period. If the difference is negative, there is not an obligation to pay the tax, and the compensation from the budget is not made.

If the Russian organization - the tax agent, pays the dividend to the foreign organization and/or to the physical person who is not the RF resident, the tax base of the tax payer - the dividends' receiver, is defined as the sum of paid dividends, and the 15% tax rate (Article 284 of the RF-TC) or 30% (Article 224 of the RF-TC) are accordingly applied to it.

The peculiarities of definition of tax base under operations with securities are established in Article 280 of the RF-TC.

Incomes of the tax payer from operations on selling or another retirement of securities (including repayment) are defined proceeding from the price of selling or another retirement of the securities, and also the amount of the accumulated interest (coupon) income which was paid by the buyer to the tax payer, and the amount of the interest (coupon) income which was paid to the tax payer by the issuer (drawer of bill). Thus, the income does not include the amounts of the interest (coupon) income which were earlier registered at taxation.

Charges at selling/other retirement of securities are defined proceeding from the price of purchase of the securities, expenses for its selling, amount of the accumulated (coupon) income paid by the tax payer to the seller of the securities. Thus, the charges do not include the amounts of the interest (coupon) income which was earlier considered at taxation.

The actual price of selling or other retirement of the securities which are in the interval between the minimal and maximal prices of transactions with the specified securities registered by the securities market trade organizer at the date of fulfilment of the respective transaction is accepted for the purposes of taxation as a market price. In case of selling of the securities, which are outstanding on the securities market, at the price which is below the floor price of transactions on the organized securities market, the floor price of the transaction for the organized securities market is accepted at definition of the financial result.

With respect of the securities which are not outstanding on the organized securities market, the actual price of selling or other retirement of these securities is accepted for the purposes of the taxation at meeting at least even one of the following conditions:

If the actual price of the respective transaction is in the interval of the prices under similar securities registered by the trade organizer of the securities market at the date of completion of the respective transaction, in the even that these securities were traded at the trade organizer's at least once within the past 12 months;

If the deviation of the actual price of the respective transaction is within the limits of 20% aside an increase or downturn from the average weighted price of the similar securities calculated by the trade organizer of the securities market according to the rules established by it based on the trading results at the date of the completion of such a transaction or at the date of the nearest trading, which took place before the day of completion of the respective transaction, if the trading in these securities were held at the trade organizer even once within the past 12 months.

The tax base under the operations with securities is defined by the tax payer separately. Thus, the tax base under operations with the securities which are outstanding on the organized securities market is defined separately from the tax base under operations with the securities which are not outstanding on the organized securities market.

At selling or another retirement of securities, the tax payer independently according to the accounting policy accepted for the purpose of taxation defines one of the following methods of a write-off of the value of the retired securities to charges:

at the value of the first purchases;

at the value of the most recent purchases;

at the value of the unit.

The tax payers who received the loss from operations with securities in the previous tax period or during the previous tax periods, have the right to reduce the tax base received under operations with securities in the reporting (tax) period. Thus, losses from operations with the securities which are not outstanding on the organized securities market, received in the previous tax period, may be referred to reduction of the tax base from operations with such securities defined in the reporting (tax) period. Losses from operations with the securities outstanding on the organized securities market received in the previous tax period may be referred to reduction of the tax base from the operations on selling of this category of securities.

The incomes received from operations with securities which are outstanding on the organized securities market may not be reduced by charges or losses from operations with the securities which are not outstanding on the organized securities market. The incomes received from operations with securities, which are not outstanding on the organized securities market, may not be reduced by charges or losses from operations with the securities which are outstanding on the organized securities market.

In compliance with Article 286 of the RF-TC, the tax is defined as a percentage share of the tax base complying with the tax rate (for legal entities - tax residents of the Russian Federation, 24 %; for foreign legal entities-non-residents, 20 %; according to Article 284 of the RF-TC). The amount of the tax following the results of the tax period is defined by the tax payer independently.

Following the results of each reporting (tax) period, tax payers calculate the amount of advance payment proceeding from the tax rate and the taxable profit calculated as an accruing result from the beginning of the tax period to the end of the reporting (tax) period. During the accounting period, tax payers calculate the amount of monthly advance payment.

If the tax payer is the foreign organization receiving incomes from sources in the Russian Federation, which are not connected with permanent representative offices in the Russian Federation, the obligation on definition of the amount of the tax, deduction of this amount from incomes of the tax payer and transfer of the tax to the budget is assigned to the Russian organization, which pays the specified income to the tax payer. The tax agent defines the amount of the tax under each payment (transfer) of money resources or other reception of the income. If the source of incomes of the tax payer in the form of dividends is the Russian organization, the obligation to deduct the tax from incomes of the tax payer and to transfer it to the budget is assigned to this source of incomes. Thus, advance payments under the tax are withheld from incomes of the tax payer at each payment of such incomes. Under the incomes which are paid to the tax payers in the form of dividends, the tax withheld at payment of the income is transferred to the budget by the tax agent who has carried out the payment, within 10 days from the date of payment of the income.

The tax from the incomes received from operations of securities selling is taxable after the tax period and is payable not later than the time fixed for submission of tax declarations for the respective tax period (not later than on the 28th of March of the year following the expired tax period). Advance payments following the results of the reporting period are paid not later than the time for submission of tax declarations for the respective reporting period (not later than 28 days from the date of the end of the respective reporting period).

The monthly advance payments which are subject to payment during the reporting period are paid in the time not later than on the 28th day of each month of this reporting period. The tax payers calculating monthly advance payments under the actually received profit pay advance payments not later than on the 28th day of the month following the month, based on the results of which the calculation of the tax is made.

8.9. Data on declared (accrued) and paid dividends per the issuer's shares

Information for the past 5 completed financial years is not specified, as the issuer was registered on 1 April 2005

Information for the 2005 and 2006 completed fiscal years is specified:

Category of shares: *ordinary*

The amount of the declared (accrued) dividends under the issuer's shares of each category (type) per one share: **RUR 0.00177**.

The amount of the declared (accrued) dividends in aggregate under all shares of one category (type): **RUR 50,001 thousand**.

The name of the issuer's governance body which made a decision (declared) on payment of dividends per the issuer's shares: **annual General Shareholders Meeting of OJSC "Moscow Regional Electric Grid Company"**

Date of carrying out of the meeting (proceedings) of the issuer's governance body, where the decision on payment (declaring) of dividends was taken, date and number of the minutes of the meeting (proceedings) of the issuer's governance body, where the decision on payment (declaring) of dividends was taken:

26 June 2006, Minutes No. 3 as of 6 July 2006

The term allocated for payment of dividends under the issuer's shares:

Within 60 days from the date of decision-making on payment of dividends

The form and other terms of payment of the declared dividends under the issuer's shares:

In the monetary form

The reporting period (year, quarter) for which the declared dividends under the issuer's shares were paid:

following the results of the year 2005.

The total amount of the dividends paid under the issuer's all shares of one category (type) for each reporting period, for which the decision on payment (declaring) of dividends was taken: ***the dividends for 2005 will be paid within 60 days from the moment of making decision on payment of dividends.***

Other information on the earnings per the bonds of the issue to be specified by the issuer at its sole discretion: ***none***

8.10. Other data

Under order of the Federal Service for the Securities Market as of 22 June, 2006, No.06-1426/pz-n, the bonds of the issuer were registered by state.

Kind, type, form and other identification characteristics of the securities: ***documentary interest-bearing inconvertible bonds of 01 series that are to be stored and redeemed on the 1820th calendar day from the start date of placement, without possibility of preliminary redemption.***

State registration number of the securities issue, date of the state registration of the securities: ***4-01-65116-D as of 22 June, 2006.***

Registration agency that carried out state registration of the securities: ***Federal Service for the Securities Market***

Quantity of placed securities: ***6,000,000 pieces***

Par value: ***1,000 rubles***

Volume of issue of the securities by nominal value: ***6,000,000,000 rubles.***

Way of placement: ***public offering***

Placement price: ***The price of the Bonds placement is 100 (one hundred) percent of the nominal cost of the Bonds – 1,000 (one thousand) rubles.***

Starting from the second day of the Bonds placement, the buyers of the Bonds shall also pay for the accrued coupon profit (hereinafter referred to as BACP) defined as follows:

$$BACP = C(1) * N * (T - T_0) / 365 / 100 \%,$$

where

BACP- Bond accrued coupon profit, RUR;

N – par value of one Bond, RUR;

C(1) –percent rate of the first coupon percent rate determined in accordance with paragraph 8.3. of ‘The resolution on the securities issue’ and paragraph 2.7 of the Securities Prospectus and annual interest rate;

T₀ –start date of the Bonds placement;

T –date for which the Bond accrued coupon profit is calculated.

The amount of the accrued coupon profit per one Share shall be calculated within the accuracy of one kopeck (the round off shall be carried out according to the rules of the mathematic round off. Together with this, this method determines the way of round off when the amount of the whole kopeck(s) does not change if the first figure following the rounded off one equals zero to four, and changes, increasing by one, if the first figure following the rounded off one equals five to nine).

Order and conditions of Bonds redemption

Bonds redemption shall be carried out by the paying agent at the expense and on the instructions from the Issuer.

The functions of the paying agent during the Bonds redemption shall be carried out by the non-for-profit partnership “National Depository Center”.

If the date of repayment of the Bonds is a weekend - irrespective of whether it is a state holiday or a ordinary weekend for accounting operations - payment of the specified sum will be made on the first working day after the weekend/holiday.

Repayment of Bonds is carried out by money resources in roubles of the Russian Federation in a non-cash order. On the date of repayment of the Bonds the Payment agent lists necessary money resources into accounts of the persons authorised on reception of the sums of repayment under Bonds, in favour of owners of Bonds. Repayment of Bonds is made in favour of owners of the Bonds that are owners as of the end of operational day of the National Depository Centre non-for profit partnership (the "NDC") previous to the third working day before the date of repayment of the Bonds.

Bonds owners, their authorized persons, including NDC depositors, on their own shall check up the fullness and topicality of the bank account information and other data presented by them to NDC. If the abovementioned information was not presented or was presented untimely to NDC, the Issuers' obligations fulfillment directed to the Bonds nominal value paying off is presented to the person who demanded the obligations fulfillment and is the Bonds owner for the date of the demand presentation. Together with this, the Issuer's Bonds obligation fulfillment shall be carried out on the basis of NDC data. In this case, the Issuer's obligations are considered fulfilled in full scale and proper manner. If the bank account requisites and other information necessary for the Issuers' obligations fulfillment does not let the Paying Agent timely carry out money means transmission, such a delay can not be considered as delay in Bonds obligations performance, and the Bonds owner is not entitled to require the interest accrual or any other indemnification payment for such a delay in payment. In the abovementioned cases the Issuer, as well as the Paying Agent, does not bear the responsibility for the delay in payments.

If one person is entrusted with the obligation to acquire the amounts of the Bonds nominal value paying off from the part of several Bonds holders, such a person gets the amount concerning each Bonds holder.

Preschedule repayment of Bonds is not provided.

Credit entry under the account of depot of the first purchaser in NDC is brought on the basis of commissions of the clearing organisation (Moscow Interbank Stock Exchange Joint-Stock Company), serving calculations under transactions which have been issued in the course of placing of Bonds through the Stock exchange. The placed Bonds are enlisted by the Depositories to the accounts of depot of buyers of Bonds according to rules of execution of the clearing activity of the clearing organisation (Moscow Interbank Stock Exchange Joint-Stock Company) and execution of conditions of the depository activity of the Depositories.

The expenses connected with entering of credit entries about transfer of placed Bonds on personal accounts (depot account) of their first owners (purchasers) are born by owners (purchasers) of Bonds.

Date of the placement or the procedure of its definition:

The Bonds placement shall start not earlier than in two weeks after disclosure of information about the state registration of the Bonds issue and provision of all potential purchasers with free access to the information about the given Bonds issue which shall be disclosed in accordance with the federal law 'On Securities Market' and the normative acts of the Federal Executive Body for the Securities Market in the procedure determined in item 11 of 'The resolution on the securities issue' and item 2.9 of the Securities Prospectus. The above mentioned two-week term shall start when the notification is published in the "Izvestia" newspaper. The start date of the Bonds placement shall be set by the Issuer and brought to the notice of the potential Bonds acquirers in the notice about the start date of the placement published in the news line not later than 5 (five) days prior to the start date of the Bonds placement, and at www.moesk.ru, after the publishing in the news line, but not later than 4 (four) day prior to the start date of the Bonds placement. In case the Issuer makes the decision to change the start date of the securities placement that was disclosed in the above mentioned manner, the Issuer is entitled to publish the announcement on the Bonds placement date change at least one day prior to this date. Hereinafter the term 'news line' is considered to be an information resource that is constantly updated on-line and presented by the information agency authorized by the Federal Executive Body for the Securities Market for public presentation of information disclosed in the securities market. .

End date of the placement shall be determined as earliest among the following dates:

a) 10-th (tenth) working day since the start date of the Bonds placement;

b) Date when the last issued obligation was placed.

Together with this, the term of the Bonds placement may not exceed one year since the date of the state registration of the present Bonds issue.

The security was provided by:

Full name: ***PROMTEKHNKA limited liability company***

Abbreviated name: ***PROMTECHNIKA ltd***

Taxpayer Identification Code ('INN'): ***7720528340***

Location: ***4G, Veshnyakovsky St, Moscow, 111402, Russian Federation***

Post address: ***4G, Veshnyakovsky St, Moscow, 111402, Russian Federation***

Primary Registration Number ('OGRN'): ***1057747190049***

Appendix 1. Quarterly accounting reports of OJSC “Moscow Regional Electric Grid Company” for quarter 2, 2006

Balance sheet
as of 30 June 2006

		Codes			
Form No. 1 under OKUD (All-Russian Classifier of Management Documentation)		0710001			
		Date (year, month, day)	2006	6	30
organization: OJSC "Moscow Regional Electric Grid Company"	under OKPO (All-Russian Classifier of Businesses and Organizations)	75273098			
Taxpayer Identification Number	TIN	5036065113			
Activity type: electric energy transmission and distribution	under OKVED (All-Russian Classifier of Economic Activities)	40.10.2			
Form of legal entity's incorporation / form of ownership: open joint-stock company/private property	under OKOPF/OKFS (All-Russian Classifier of Forms of Ownership)	47/42			
Unit of measurement: thousand rubles	under OKEI (All-Russian Classifier of Measurement Units)	0384			
Location (address) : bldg 2, 3, Second Paveletsky lane, Moscow.					
		Date of approval			
		Date of sending (reception)			

ASSET	line code	at the beginning of the reporting period	at the end of the reporting period
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110		
Fixed assets	120	25,990,071	25,548,825
Assets in unfinished construction	130	1,781,435	3,404,767
Investment yielding in tangible assets	135		
Long-term financial investment	140		

Deferred tax assets	145	8,396	332,811
Other non-current assets	150		
TOTAL under section I	190	27,779,902	29,286,403
II. CURRENT ASSETS			
Stocks	210	900,522	1,293,274
including:			
raw materials, other materials and other similar values		253,640	373,408
rearsers and fatteners			
expenses in unfinished production		3,141	5,276
ready product and goods held for re-sale		4,216	9,143
goods delivered			
prepaid expenses		119,274	258,204
Other stocks and expenditure		520,251	647,243
Value added tax under the purchased values	220	1,160,807	452,854
Debt receivable (with a maturity over 12 months after the reporting date)	230	897	794
including buyers and customers			
Debt receivable (with a maturity within 12 months after the reporting date)	240	2,224,431	5,625,440
including buyers and customers		1,079,331	964,464
Short-term financial investment	250		
Monetary assets	260	237,992	1,500,783
Other current assets	270		
TOTAL under section II	290	4,524,649	8,873,100
BALANCE (sum of lines 190 + 290)	300	32,304,551	38,159,503

LIABILITIES	line code	at the beginning of the reporting period	at the end of the reporting period
1	2	3	4
III. CAPITAL AND RESERVES			
Share capital	410	14,124,680	14,124,680
Own shares redeemed from shareholders		()	()
Additional capital	420	9,119,676	9,118,789

Reserve capital	430		64,690
including: reserves formed in accordance with laws	431		
Reserves formed in accordance with documents of incorporation	432		64,690
Retained earnings (uncovered loss)	470	3,857,756	6,538,304
TOTAL under section III	490	27,102,112	29,846,463
IV. LONG-TERM LIABILITIES			
Loans and credits	510		
Deferred tax liabilities	515	135,917	139,177
Other long-term liabilities	520		
TOTAL under section IV	590	135,917	139,177
V. SHORT-TERM LIABILITIES			
Loans and credits	610	1,505,772	3,516,016
Accounts payable	620	3,527,776	4,625,102
including: suppliers and contractors	621	2,353,731	1,746,665
Debt to the personnel of the organization	622	169,841	209,835
Debt to State non-budgetary funds	623	53,800	64,221
Debt under taxes and tax collections	624	217,110	254,515
Other creditors	625	733,294	2,349,866
Debt to participants (founders) under earnings payment	630		
Deferred income	640	32,974	32,745
Reserves for future expenses	650		
Other short-term liabilities	660		
TOTAL under section V	690	5,066,522	8,173,863
BALANCE	700	32,304,551	38,159,503

INFORMATION ON PRESENCE OF THE VALUES REGISTERED ON THE OFF-BALANCE SHEET ACCOUNTS	line code	at the beginning of the reporting period	at the end of the reporting period
1	2	3	4
Rented fixed assets		575,523	567,863

Including under leasing		181,474	148,923
Inventory holdings accepted for custody		11,839	7,843
Goods accepted for commission			
Writing-off of insolvent debtors' debts		6,846	2,425
Securities received from obligations and payment, received		10,196	9,638
Securities received from obligations and payment, issued		570	-
Deterioration of housing facilities		426	432
Deterioration of the land improvement facilities and other similar facilities			
Intangible assets received for use		0	0

Head

N.M.Soldatov

Chief Accountant

L.A.Sklyarova

INCOME STATEMENT
for the first half-year of 2006

Form No. 2 under OKUD (All-Russian Classifier of Management Documentation)

Date (year, month, day)

organization: **OJSC “Moscow Regional Electric Grid Company”**

Taxpayer Identification Number

Activity type: **electric energy transmission and distribution**

Form of legal entity’s incorporation / form of ownership: **open joint-stock company/private property**

Unit of measurement: **thousand rubles**

Codes
0710002
2006 06 30
75273098 <small>under OKPO (All-Russian Classifier of Businesses and Organizations)</small>
5036065113 <small>TIN</small>
74,15 <small>under OKDP</small>
47/42 <small>under OKOPF/OKFS (All-Russian Classifier of Forms of Ownership)</small>
384 <small>under OKEI (All-Russian Classifier of Measurement Units)</small>

Indicator	line code	For the reporting period	For the similar period of the previous year
1	2	3	4
I. Income and expenditure from common activities	010	11,774,944	3,808,126
Receipts (net) from sale of goods, products, services net of VAT, excise and similar obligatory payments),			
<i>electric energy to internal consumers</i>	011	-	-
<i>electric energy for export</i>	012	-	-
<i>thermal energy</i>	013	-	-
<i>subscriber payment (for RAO UES of Russia JSC</i>	014	-	-
<i>proceeds from transport of electric and thermal energy</i>	018	11,342,929	3,517,301
<i>electric energy for sale companies</i>	019	-	-
<i>other industrial products, goods, works and services</i>	015	431,495	289,837
<i>other non-industrial products, goods, works and services</i>	016	520	988
<i>products, goods, works and services of the main activities (for</i>	017	-	-

<i>institutes)</i>			
Production cost of sold goods, products, works, services	020	(7,745,404)	(2,579,504)
including sold: electric energy to internal consumers	021	-	-
<i>electric energy for export</i>	022	-	-
<i>thermal energy</i>	023	-	-
<i>subscriber payment (for RAO UES of Russia JSC</i>	024	-	-
<i>proceeds from transport of electric and thermal energy</i>	028	(7,478,917)	(2,352,765)
<i>other industrial products, goods, works and services</i>	025	(264,819)	(224,901)
<i>other non-industrial products, goods, works and services</i>	026	(1,668)	(1,838)
<i>products, goods, works and services of the main activities (for institutes)</i>	027	-	-
Gross profit	029	4,029,539	1,228,622
Commercial charges	030	-	-
Managerial charges	040	-	-
Profit (loss) from sales	050	4,029,539	1,228,622
II. Operating income and expenses			
Interest receivable	060	6,798	12
Interest payable	070	(89,983)	(38,466)
Profit from participation in other organizations	080	-	-
Other operating profit	090	14,839	65,551
Other operating expenditure	100	(60,387)	(64,721)
III. Outstanding income and expenses	110		-
outstanding income	120	95,420	4,352
outstanding expenses	130	(290,411)	(185,539)
Profit (loss) before taxes	140	3,705,816	1,009,811
Deferred tax assets	143	(324,415)	(20)
Deferred tax liabilities	144	3,259	(3,225)
Current income tax	145	1,282,620	265,550
Other similar obligatory payments	146	-	-
Current profit tax and other similar obligations	150	961,465	262,345
Income (expenses) from ordinary activities	160	2,744,351	747,466
IV. Extra income and expenses		-	-

Extra incomes	170		-	-
Extra expenses	180		-	-
FOR INTEGRATED ACCOUNTING				-
<i>capitalized income (expenses)</i>	184		-	-
<i>share of the minority</i>	185		-	-
Net profit (loss) of the reporting period	19010			-
FOR REFERENCE				
Permanent tax liabilities (assets)	200		-	-
Indicator	Note	line code	For the reporting period	For the similar period of the previous year
1	A	2	3	4
FOR REFERENCE ONLY FOR STRUCTURAL DIVISIONS OF RAO UES OF RUSSIA JSC				
V. Inhouse calculations				
Income received from the representative offices of RAO UES of Russia JSC in particular from lines line 140 Incomes (expenses) before taxation		19011	-	-
line 150 Income tax and other similar payments		19012	-	-
line 170 Extra incomes		19013	-	-
line 180 extra expenses		19014	-	-
Net income (undistributed income of the accounting period with regard of income received from the branches and representative offices (19011+19012+19013+19014))		19020	-	-
Income sent by the branches and representative offices to RAO UES of Russia JSC in particular from lines line 140 Incomes (expenses) before taxation		19031	-	-
line 150 Income tax and other similar payments		19032	-	-
line 170 Extra incomes		19033	-	-
line 180 extra expenses		19034	-	-
Net income (undistributed incomes (expenses) of the accounting period with regard of those sent to RAO UES of Russia JSC (19031+19032+19033+19034))		19040	-	-
Net income (undistributed incomes (expenses) of the accounting period (19010+19020-19040))		190	-	-
(RUR.)				
Indicator	Note	line code	For the reporting period	For the similar period of the previous year
1	A	2	3	4
FOR REFERENCE				
Permanent tax liabilities (assets)			0.0000	0.0000
Basic incomes (expenses) per shares		201	0.0000	0.0000
Overcapitalised incomes (expenses) per shares		202	0.0000	0.0000

EXPLANATION OF CERTAIN PROFIT AND LOSS

Indicator			For the reporting period	For the similar period of the previous year
Indicator		code		
1		2	3	4
Fines and penalty payments acknowledged or those, on which the court resolutions were received (arbitrage) on their collection	incomes	210	157	1,586
		210		
	expenses	211	(212)	(35)
Profit (loss) of past years	incomes	220	20,533	2
		220		
	expenses	221	(18,231)	(118)
Payment of damages caused by non-performance of improper performance of obligations	incomes	230	92	35
		230		
	expenses	231	(636)	(69)
Currency difference on operations performed in the foreign currency	incomes	240	-	-
		240		
	expenses	241	-	-
Contributions to the estimation reserves	incomes	250	-	-
		250		
	expenses	251	-	-
Write-off of debt receivable and account payable, the limitation period of which expired	incomes	260		-
		260		
	expenses	261		-

Head

N.M.Soldatov

Chief Accountant

L.A. Sklyarova

APPENDIX No. 2 Accounting policy of OJSC “Moscow Regional Electric Grid Company”

REGULATIONS
on Accounting Policy
OJSC “Moscow Regional Electric Grid Company”
in 2005

Section 1. General Clauses

The Regulations establish structure, form and method of accounting in OJSC “Moscow Regional Electric Grid Company” under acting normative documents;

The Federal Law of 21 November 1996 No. 129 “On Accounting”;

Accounting Regulations and Reporting in the Russian Federation approved by the Order of the RF Ministry of Finance of 19 July 1998 No.34n (as amended by the order of Russia’s Ministry of Finance of 24 March 2000 No.31n, on 30 March 2001 No.27n);

Accounting Regulations No.1/98 “Accounting Policy of a Company” approved by the Order of the RF Ministry of Finance of 9 December 1998 No.60n (as amended by the order of Russia’s Ministry of Finance of 30.12.1999 No. 107n);

Accounting Regulations No. 2/94 “Account of Agreements (Contracts) on Capital Construction” approved by the Order of the RF Ministry of Finance of 20 December 1994 No.167;

Accounting Regulations No. 3/2000 “Assets and Liabilities with Foreign Currency Representation of the Cost” approved by the Order of the RF Ministry of Finance of 10 January 2000 No.2n;

Accounting Regulations No. 4/99 “Organization’s Accounting” approved by the Order of the RF Ministry of Finance of 6 July 1999 No.43n;

Accounting Regulations No. 5/01 “Material and Production Stocks Accounting” approved by the Order of the RF Ministry of Finance of 9 June 2001 No.44n;

Accounting Regulations No. 6/01 “Fixed Assets Accounting” approved by the Order of the RF Ministry of Finance of 30 March 2001 No.26n (as amended by the order of Russia’s Ministry of Finance of 18.05.2002 No.45n)

Accounting Regulations No. 7/98 “Events After the Reporting Date” approved by the Order of the RF Ministry of Finance of 25 November 1998 No.56n;

Accounting Regulations No. 8/01 “Economic Contingencies” approved by the Order of the RF Ministry of Finance of 28 November 2001 No.96n;

Accounting Regulations No. 9/99 “Organization’s Incomes” approved by the Order of the RF Ministry of Finance of 6 May 1999 No.32n (as amended by the orders of Russia’s Ministry of Finance of 30.12.1999 No. Yu7n, of 30.03.2001 No.27n);

Accounting Regulations No. 10/99 “Costs of an Enterprise” approved by the Order of the RF Ministry of Finance of 6 May 1999 No.33n (as amended by the order of Russia’s Ministry of Finance of 30.12.1999 No. 107n, or 30.03.2001 No.27n);

Accounting Regulations No. 11/2000 “Information on Affiliated Parties” approved by the Order of the RF Ministry of Finance of 3 January 2000 No.5n (as amended by the order of Russia’s Ministry of Finance of 30.12.1999 No. 107n, of 30.03.2001 No.27n);

Accounting Regulations No. 12/2000 “Information on Segments” approved by the Order of the RF Ministry of Finance of 21 January 2000 No.11n;

Accounting Regulations No. 13/2000 “State Support Accounting” approved by the Order of the RF Ministry of Finance of 16 October 2000 No.92n;

Accounting Regulations No. 14/2000 “Intangible Assets Accounting” approved by the Order of the RF Ministry of Finance of 16 October 2000 No.91n;

Accounting Regulations No. 15/01 “Accounting on Borrowed Loans and Credits Costs” approved by the Order of the RF Ministry of Finance of 2 August 2001 No.60n;

Accounting Regulations No. 16/02 “Discounting Operations Information” approved by the Order of the RF Ministry of Finance of 2 July 2002 No.66n;

Accounting Regulations No. 17/02 “Accounting for Research, Development and Technological Costs” approved by the Order of the RF Ministry of Finance of 19 November 2002 No.115n;

Accounting Regulations No. 18/02 “Accounting for Profit Tax Calculation” approved by the Order of the RF Ministry of Finance of 19 November 2002 No.114n;

Accounting Regulations No. 19/02 “Accounting for Financial Investments” approved by the Order of the RF Ministry of Finance of 10 December 2002 No.126n;

Accounting Regulations No. 20/03 “Accounting for Interest and Joint Ventures” approved by the Order of the RF Ministry of Finance of 24 November 2003 No.105n;

Accounting Plan for Financial and Business Activities of Enterprises and its Applications Instruction approved by the Order of the RF Ministry of Finance of 31 October 2000 No.94n;

Working Accounting Plan worked out by JSC “Moscow Regional Electric Grid Company” on basis of Accounting Plan for Financial and Business Activities of Enterprises and its Applications Instruction approved by the Order of the RF Ministry of Finance of 31 October 2000 No.94n;

The Order of the RF Ministry of Finance of 22 July 2003 No.67n “On Forms of Corporate Financial Statements”;
Other acting Russian rules (standards) of accounting.

Section 2. Structure of Accounting and Tax Service

2.1. The General Director of OJSC «Moscow Regional Electric Grid Company» is responsible for organization of accounting in the Company and law observance during implementation of business operations.

2.2. Accounting and tax accounting are maintained by a structure division of OJSC «Moscow Regional Electric Grid Company» – The Accounting Department headed by Senior Accountant.

Senior Accountant of OJSC «Moscow Regional Electric Grid Company» reports directly to the General Director and is responsible for forming of accounting policy, accounting, and opportune delivering of full and reliable accounting report.

2.3. The Accounting Department of the Executive body carries out methodological management of Accounting Services of branches.

2.4. Branches of OJSC «Moscow Regional Electric Grid Company» have own Accounting Services which carry out accounting and tax accounting, make accounting and tax accounting in-house reporting and submit it in the Accounting Department of the Executive body of OJSC «Moscow Regional Electric Grid Company».

2.5. Heads of branches are appointed by the Order of the General Director of OJSC «Moscow Regional Electric Grid Company» and act by their power of attorney.

Senior Accountant of OJSC «Moscow Regional Electric Grid Company» is responsible for observance of approved accounting policy, accounting, and opportune submission of full and reliable accounting report in the Executive body of OJSC «Moscow Regional Electric Grid Company»

Section 3. Typical working plan of accounting, rules of documents calculation, technology of accounting information processing and reporting

3.1. The reporting year is the period from 1 April to 31 December 2005 inclusive.

3.2. According to demands of above-mentioned normative documents on accounting an policy of OJSC «Moscow Regional Electric Grid Company», structural divisions of the Company (branches) carry out accounting and tax accounting, make reports in the order established by the Executive body of OJSC «Moscow Regional Electric Grid Company», execute duties of tax discharge and collection according to demands of tax legislation, are responsible for timely presentation and correct calculation of tax base for taxes centrally paid, and organization of released assets accounting.

3.3. Forms of in-house reporting are worked out in OJSC «Moscow Regional Electric Grid Company» with a glance of classification, systematization and generalization of information.

Forms of interim and annual accounting in OJSC «Moscow Regional Electric Grid Company» are worked out at a basis of forms recommended by the RF Ministry of Finance with a glance of additional indicators introduced by RAO “UES of Russia” JSC.

Accounting reports of OJSC «Moscow Regional Electric Grid Company» are made in the order of, and within the period provided for by normative accounting documents. It is formed by the Accounting Department of the Executive body under generalized information on properties, liabilities and activities results with a glance of information provided by Accounting Services of branches.

Accounting reports of OJSC «Moscow Regional Electric Grid Company» are made in rubles and submitted in the Department for Accounting and Reporting of RAO “UES of Russia”, JSC for control, analysis and forming of recapitulative account in a general group according to paragraph 8 of Methodological Guidelines on Recapitulative Accounting Procedure and Submission (as amended as of 12 May 1999 in thousands of RUR).

To form consolidated statements according to International Financial Accounting Standards by RAO “UES of Russia” JSC OJSC «Moscow Regional Electric Grid Company» systematizes and submits in RAO “UES of Russia”, JSC financial information in the form of consolidated tables – invoice breakdown worked out by RAO “UES of Russia”, JSC.

3.4. Annual report, accounting balance and statement of incomes and losses of OJSC «Moscow Regional Electric Grid Company» is considered and approved by the General Shareholders Meeting. Accounting report of OJSC «Moscow Regional Electric Grid Company» is submitted in the order of, and within the period provided for by constituent documents, the RF Legislation and directive documents of RAO “UES of Russia” JSC,

Approved annual accounting report of OJSC «Moscow Regional Electric Grid Company» is published not late than on 1 June of the year nest after the reporting year (Articles 15 and 16 of the Law “On Accounting”).

3.5. Structure divisions (branches) of OJSC «Moscow Regional Electric Grid Company» without independent balance are the following divisions with settlement account in CB “Transinvestbank”: BIC 044579212, correspondent account 3010181050000000212:

No.	Name of the branch	Legal Address	Bank Details
1	2	3	4
1	South Electric Grids	115201, Moscow, Kashirskoe Shosse Street, 18	40702810600240600049
2	East Electric Grids	107140, Moscow, Nizhnyaya Krasnoselskaya Street, 6	40702810100210600100
3	October Electric Grids	127254, Moscow, Rustaveli Street, 2	40702810400210600101
4	North Electric Grids	141070, Moscow Region., Korolev, Gagarina Street, 4	40702810200000600511
5	Noginsk Electric Grids	142407, Moscow Region, Noginsk, Radchenko Street, 13	40702810800240600056
6	Podolsk Electric Grids	142117, Moscow Region, Podolsk, Kirova Street, 65	40702810000240600047
7	Kolomna Electric Grids	140408, Moscow Region., Kolomna, Oktyabrskoy Revolyutsii Street, 381A	40702810100240600057
8	Shatura Electric Grids	140700, Moscow Region, Shatura, Sportivnaya Street, 12	40702810500240600055
9	Dmitrov Electric Grids	141800, Moscow Region, Dmitrov, Kosmonavtov Street. 46	40702810600240600052
10	West Electric Grids	121293, Moscow, 1812 Goda Street, 15	40702810400220602209
11	Mozhaysk Electric Grids	143200, Moscow Region, Mozhaysk, Mira Street, 107	40702810500000600512
12	Volokolamsk Electric Grids	143600, Moscow Region., Volokolamsk, Novosoldatskaya Street, 58	40702810400240600058
13	Kashira Electric Grids	142900, Moscow Region., Kashira, Klubnaya Street, 4	40702810000240600050
14	High-voltage Cable Grids (HVCG)	107140, Moscow, Nizhnyaya Krasnoselskaya Street, 6	40702810700210600102
15	Plant for Repair of Electrical Equipment (PREE)	115201, Moscow, Starokashirskoe Shosse Street, 4A	40702810100220602211
16	Moskabelenergoremont (MKER)	115522, Moscow, Moskvorechie Street, 14B	40702810800220602210

17	Moskabelsetmontazh (MKSM)	113114, Moscow, 2 nd Paveletsky Passage, 4/B	40702810400220602212
18	Backbone Electric Grids (BEG)	115432, Moscow, 2 nd Kozhukhov Passage, 29, building 6	40702810700220602213

Branches are vested property. Property of a branch consists of belongings (assets) assigned to it by the Company, and money and material funds gained during its business activities and including in consolidated balance of the company, reckoned at the balance of the branch, is in ownership of the Company.

3.6. Accounting is carried out on the ground of Working Card of Accounts acting since 1 April 2005.

Working Card of Accounts of the Company is implemented during accounting in subdivisions of the Company, branches and separate divisions. It is made according to Accounting Plan for Financial and Business Activities of Enterprises and its Applications Instruction approved by the Order of the RF Ministry of Finance of 31 October 2000 No.94n and with a glance of functionality of programs used for accounting by the Company.

Senior Accountant of the Company has the right to implement, specify and cancel subaccounts of synthetic accounts and implement additional systems of analytical account.

3.7. Accounting at OJSC «Moscow Regional Electric Grid Company» is carried out on the ground of journal-order form of accounting. At the same time, computer technologies of source accounting information proceedings using specialized accounting programs are implemented.

Records under automated method of accounting are monthly printed and signed by responsible people. They are endorsed by Senior Accountant or their deputies.

3.8. The following computer forms of cost records for internal accounting created in the system of accounting programs are established:

General ledger and (or) turnover balance under accounts

Register of balance turnover

Register of turnovers to balance under accounts;

General ledger of balance

Turnover register on book keeping;

Other registers necessary for analytic and synthetic accounting of business according to demands of normative documents and necessary for prompt receiving of information.

3.9. Reflection in the accounting of economic operations is made according to the working Plan of Accounts of OJSC "Moscow Regional Electric Grid Company". The Company carries out keeping property, obligations and economic operations as making double entries according to the Plan of Accounts of Book Keeping.

OJSC «Moscow Regional Electric Grid Company» and all its branches use typical interdepartmental forms of source cost records approved by Rosstat.

To carry out financial and business operations for which typical forms of source cost records are not provided for, and internal accounting, forms of source cost records are approved for all branches according to the Attachment No.2.

Branches implementing additionally their internal forms of source cost records, approve them by the Order on recording policy observing demands of paragraph 13 of Accounting Regulations and Reporting No.1/98 "Accounting Policy of a Company" in the Russian Federation approved by the Order of the RF Ministry of Finance of 19 July 1998 No.34n. The forms are obligatory for endorsement with the Accounting Department under the General Direction.

Cost records in foreign languages shall have interlinear translation in Russian language.

Original copies of source cost records on business operations created in branches are taken into discount and kept at the place of their creation. Accounting Departments of branches are responsible for their keeping.

Rules of documents circulation in the Company for accounting and tax accounting and reporting are regulated by the schedule of documents circulation. The schedule of documents circulation sets terms for amount of source cost records and other documents submitted to the Accounting Department of the Executive body. The schedule of documents circulation put into operation on 1 April 2005 is a subject of amendment in 2005.

3.11. Accounting of properties (except fixed assets), liabilities and business operations is carried out in rubles and kopecks without rounding up and down. Fixed assets are accounted in rubles. Sum differences of rounding are concerned as financial results.

3.12. For reflection in accounts and reports, costs of assets and liabilities in foreign currency is to be converted into rubles according to

Demands of SAS 3/2000; at the same time, system accounting register information on costs of assets and liabilities in both rubles and relevant foreign currency).

3.13. The right of signing source costs records belongs to Directors of the Company acting at the base of power of attorney. Directors of branches have the right of signing source costs records at the base of power of attorney given by the Company.

The documents which reflect business operations and presuppose cash flow (at banking accounts, register office) are signed by Directors of the Company acting at the base of power of attorney and Senior Accountant, and authorized people. At branches the documents which reflect business operations and presuppose cash flow (at banking accounts,

register office) are signed by Directors of branches acting at the base of power of attorney given by the Company, Senior Accountant and authorized people.

3.14. Inventory of property and liabilities is carried out according to the Federal Law of 21 November 1996 No. 129 "On Accounting" and Methodological Instructions on Inventory of Properties and Financial Liabilities approved by the Order on the RF Ministry of Finance of 13 June 1995 No.49.

Order, terms of planned inventory and structure of Central Inventory Commission are set by the order of the General Director of OJSC «Moscow Regional Electric Grid Company». In case inventory is obligatory, they are set on the basis of orders of Directors of branches OJSC «Moscow Regional Electric Grid Company» to the proper party. Approval and structure of local Inventory Commissions are set by orders of Directors of branches.

3.15. During forming of information on segments in the accounting of OJSC «Moscow Regional Electric Grid Company», information on operational segments is considered source, information on geography segments considered secondary. Order and rules of submitting of the information on segments in accounting reports are determined by SAS 12/2000 "Information on Segments".

3.16. *Contents of registers of accounting and internal reports are a commercial secret, and in cases provided for by the RF Legislation are a state secret. People who have obtained access to the information contained in registers of accounting and internal reports, are obliged to keep commercial secret. They are responsible for its disclosure which is determined by the RF Legislation.*

3.17. Consolidated accounting statements including indicators of reports of daughter and subsidiary organizations in Russian Federation and outside the country, are carried out with a glance of significance of information including in the account statement in order determined by the RF Ministry of Finance. Consolidated accounting is made by the Accounting Department of Executive body of OJSC «Moscow Regional Electric Grid Company».

Section 4. Methodological aspects of account policy.

4.1. Intangible assets.

Accounting of intangible assets is carried out according to Accounting Regulations No. 14/2000 "Intangible Assets Accounting" approved by the Order of the RF Ministry of Finance of 16 October 2000 No.91n.

4.1.1. Estimation of intangible assets.

Intangible assets purchased for money are estimated in the amount of actual expenses for purchase without compensative taxes (VAT).

Original cost of intangible assets received under agreements which provide for discharge of obligations (payment) with non-monetary funds is determined according to cost of products (assets) which were transferred or were subject of transference by the Company. Costs of products (assets) which were transferred or were subject of transference by the Company are determined according to the price at which in comparable circumstances the Company usually determines costs of similar products (assets).

In case determination of costs of products (assets) which were transferred or were subject of transference by the Company was impossible, the cost of intangible assets gained by the Company is determined according to the price at which in comparable circumstances the Company usually determines costs of similar intangible assets.

Intangible assets of OJSC «Moscow Regional Electric Grid Company» are estimated according to actual expenses without registration of general business expenses and except reimbursable tax for used materials and services of other organizations.

Intangible assets received under agreements of gift (free of charge) are estimated according to their market price at the date of acceptance for accounting. To determine market price, expert conclusion of an independent licensed appraiser is used.

Grounds: Section II SAS 14/2000.

4.1.2. Depreciation of intangible assets.

OJSC «Moscow Regional Electric Grid Company» implements line depreciation accrual method on the basis of original costs and depreciation rate, calculated on the basis of term of useful life of intangible assets object.

Grounds: Sections 15 and 16 SAS 14/2000.

4.1.3. Determination of terms of useful life.

OJSC «Moscow Regional Electric Grid Company» determines terms of useful life of every kind of depreciable intangible assets at the time of their registration on the basis of:

Period of validity of patent, license or other restrictions for use of intellectual property objects;

Expected period of use of the object while OJSC «Moscow Regional Electric Grid Company» can get gain (income). At the same time, the period of useful life of intangible assets object can be determined by specially created commission and approved by proper executive document.

The standard of depreciative deduction for intangible assets with indefinite term of useful life is determined in account for twenty years (but no longer than the period of activities of the Company).

Grounds: Section 17 SAS 14/2000.

4.1.4. Reflection of depreciation deduction in accounting statement.

Depreciation deduction of intangible assets is included in account 05 "Depreciation of intangible assets" except for organizational expenses.

Depreciation deduction of organization expenses are reflected in accounting statement by even reduction of original cost during the period of twenty years (but no longer than the period of activities of the Company).

Grounds: Section 21 SAS 14/2000.

4.2. Fixed assets.

Accounting of fixed assets is carried out according to Accounting Regulations "Fixed Assets Accounting" approved by the Order of the RF Ministry of Finance of 30 March 2001 No.26n; Methodological Instructions on Fixed Assets Accounting approved by the Order on the RF Ministry of Finance of 13 October 2003 No.91n.

4.2.1. Account of fixed assets gained at separation balance sheet after reorganization of JSC "Mosenergo".

Fixed assets gained at separation balance sheet after reorganization of JSC "Mosenergo" are taken for account at replacement cost which is equal to depreciated cost of the objects of fixed assets at the transmitting side at of the date of reorganization.

The term of useful life of fixed assets objects gained as a result of reorganization is determined on the basis of previous determined terms of use minus the period of actual exploitation of the objects by JSC "Mosenergo".

4.2.2. The order of rating labor means as fixed assets.

Fixed assets are the assets used either in production, working, servicing or for managerial needs of OJSC «Moscow Regional Electric Grid Company» pending the term of useful use longer than twelve months.

The objects included in the structure of fixed assets which are the subject of obligatory state registration are considered solitary in the structure of fixed assets till the state registration takes place.

In the presence of library stock, cost of the fund printings is added to the structure of fixed assets to the debit of the account 01 "Fixed Assets" from the correspondence of credit of the account 08 "Investment in Fixed Assets".

Grounds: 1. Paragraph 4 of Section 1 SAS 6/01.

2. Decree of the RF Government of 1 January 2002 No.1 "On Classification of Fixed Assets Included in Depreciation Groups".

3. The Letter of the RF Ministry of Finance of 12 May 2004 No.16-00-14/159.

4.2.3. Inventory object of fixed assets.

Inventory object of fixed assets is a separate constructively detached object intended to carry out certain independent functions or detached complex of constructively coupled objects which are incorporated and intended to carry out certain work.

In case an object consists of several parts with different terms of useful life, each part is accounted as an independent inventory object.

Grounds: Paragraph 6 of Section 1 SAS 6/01.

4.2.4. Estimation of fixed assets.

Fixed assets are taken on account at original cost. At purchase of paid fixed assets, original cost is determined as sum of actual expenses for purchase, construction and production except for VAT and other compensatory taxes.

Percents for borrowed current assets accrued before taking the fixed assets object on account, in case they are attracted for purchase, construction and production of the object, are included in the structure of accrual expenses for purchase, construction and production of fixed assets.

General business and similar expenses are not included in actual expenses for purchase and creation of fixed assets except for the cases when they are directly connected with assets purchase.

In case fixed assets are received as contribution to statutory capital, original cost is considered as endorsed by Directors (participants) pecuniary valuation of fixed assets. In case fixed assets are received under the deed of gift and in other gratuitous cases, original cost is considered their current market cost at of the date of registration.

In case fixed assets are received under agreements which provide for commitments (non-monetary payment), original cost is considered cost of assets passed or the subject of passing from the Company. Cost of assets passed of which are the subject to pass from the Company is determined on the basis of cost of similar fixed assets objects which OJSC «Moscow Regional Electric Grid Company» usually determine in similar conditions.

In case it is impossible to determine cost of assets which were passed or were to be passed, cost of fixed assets received by the Company under agreements providing for commitments (non-monetary payment) is determined on the basis of cost of similar fixed assets objects in similar conditions.

In case fixed assets are received in return for retired property within the limits of agreements on compensation of losses, original cost is considered cost of actual expenses for building of the object of transmitting side fixed in the act of transfer and reception of property.

Original cost of fixed assets objects independent of way of purchase includes also actual expenses for delivery of objects and bringing into state suitable to use. Estimation of fixed assets object cost of which is represented in foreign currency is carried out in terms of rubles according to the rate set by the RF Central Bank acting at the date of taking the object on account 01 "Fixed assets". The occurring difference between estimation of fixed assets at account of fixed assets and estimation at the account of investment in fixed assets is written off the account of incomes and losses as operational incomes (loses) and is not included in difference of exchange.

Grounds: Paragraphs 7-13 of Section II SAS 6/01.

4.2.5. Change of fixed assets cost.

Change of fixed assets original cost with which they were taken on account is conceded in case of completion, additional equipment, reconstruction, modernization, partial liquidation and revaluation of fixed assets objects.

Revaluation of fixed assets is carried out in order provided for by legislation on the basis of existing executive document of the Company's Director.

Sum of revaluation of fixed assets object is reflected in debit of fixed assets account in correspondence with credit of surplus account. Sum of revaluation of fixed assets object equal to sum of its discount in previous reporting periods and included in retained income (losses) account is included in credit of retained income (losses) account in correspondence with debit of fixed assets account.

Sum of revaluation of fixed assets object as a result of revaluation is reflected in debit of retained income (losses) account in correspondence with credit of fixed assets account. Sum of discount of fixed assets object is referred to decrease of surplus of the Company formed at the expense of sum of revaluation of the object carried out in previous reporting periods and is reflected in debit of surplus account and credit of fixed assets account. Exceeding of sum of discount of the object over sum of revaluation included in surplus of the Company as a result of revaluation carried out in previous reporting periods, is reflected in debit of retained income(losses) in correspondence with credit of fixed assets account.

In case of retirement of fixed assets object the sum of its revaluation is written off debit of surplus account in correspondence with credit of retained income account of the Company.

In case of change of original cost of fixed assets object in case of its completion, additional equipment during improvement, flow of own sources of accounting is reflected.

Grounds: 1. Paragraphs 14 and 15 of Section II SAS 6/01.

2. Paragraph 48 of Methodological Instructions on Fixed Assets Accounting approved by the Order on the RF Ministry of Finance of 13 October 2003 No.91n.

4.2.6. Depreciation of fixed assets.

Accrual of depreciation of fixed assets objects is carried out by line method on the basis of original or current (replacement) cost (in case of revaluation) of the fixed assets object and standard of depreciation calculated on the basis of useful use of the object.

Accrual of depreciation of fixed assets passed in leasing is carried out with the concurrence of parties with use of special coefficient to major standard of depreciation.

Cost of housing objects (dwelling houses, halls of residence, flats, etc.), objects equipped with services and utilities and other similar objects, perennial planting and library stock is not repaid which means that depreciation is not accrued. Accrual of depreciation of mentioned objects is carried out in the end of reporting year under set standards of depreciation deduction. Flow of depreciation sum of the objects is taken on separate off-balance account. Fixed assets objects which obtain not changeable in time consumer characteristics are not a subject of depreciation (land and nature objects).

Depreciation deduction of fixed assets objects starts from the first day of the month which follows the month of its taking on account and is carried out up to either full repay of its cost or writing off.

Depreciation deduction of fixed assets objects finishes at the first day of the month which follows the month of either full repay of its cost or writing off.

Depreciation deduction lasts during the period of useful life of fixed assets object except for the cases of its conservation for more than three months according to the decision of the Director of the Company and during the period of its renewal which exceeds twelve months.

For purposes of accounting, accrual of depreciation of fixed assets is carried out on the basis of depreciation standards which are determined according to Decree of the RF Government of 1 January 2002 No.1 "On Classification of Fixed Assets Included in Depreciation Groups" by the commission which is specially created by the Director of a branch and by the commission created by the director of the Company in case for the Executive body.

Grounds: 1. Paragraphs 17, 18, 21, 22, 23 of Section III SAS 6/01.

2. The Letter of the RF Ministry of Finance of 12 May 2004 No.16-00-14/159.

4.2.7. Determination of useful life.

Determination of useful life of fixed assets object is carried out at the time of taking it on account on the basis of expected term of its use according to the Order of the RF Ministry of Finance of 1 January 2002 No.1.

Useful life is determined on the basis of:

Expected term of use of the object according to expected productivity or capacity;

Expected physical depreciation which depends on exploitation regime, natural conditions and influence of hostile environment, repair system;

Regulatory, legal and other limitations on use of the object (for example, term of lease).

Taking of fixed assets objects on account is carried out on the basis of act of transfer and reception of fixed assets which was approved by the Director of the branch OJSC «Moscow Regional Electric Grid Company» and which is made for each separate inventory object or group of objects in provided cases, and other documents. Actually exploiting objects which are the subject of state registration are also taken on account 01 "Fixed assets" since the time of passing for state registration.

Depreciation of fixed assets objects leased from or to, is accrued by the Lessor.

The mentioned point is not implemented towards assets transferred or accepted for leasing. Depreciation of fixed assets objects transferred for leasing is carried out by the Lessor or the Lessee depending on the fact at which balance the objects are according to lease contract.

When purchasing exploited fixed assets object, its original cost is determined on the basis of contract cost of purchase and expenses connected with purchase.

Useful life of exploited fixed assets object is determined by formula evaluation: useful life of a new fixed assets object minus the period of actual exploitation of the object by previous owner.

Useful life of exploited fixed assets object is determined by special commission according to expected useful life or capacity with a glance of real physical and moral depreciation at the time of purchase.

In case if purchased exploited fixed assets object has completely worked out its term according to the information of the supplier and technical passport, its useful life is determined by the branch's commission which has taken the object on discount.

Grounds: 1. Paragraphs 1 and 8 of Article 258 of Chapter 25 of Part 2 of the RF Arbitration Code of Practice.

2. Paragraph 20 of Section III SAS 6/01.

3. Federal Law of 29 October 1998 No.164 "On Leasing".

4. The Order of the RF Ministry of Finance of 1 January 2002 No.1.

5. Paragraph 38 of the Order of the RF Ministry of Finance of 13 October 2003 No.91n.

4.2.8. Retirement of fixed assets separate objects cost.

Fixed assets objects at the cost of not more than ten thousand rubles for a unit and purchased books, brochures and similar publications are written off to expenses by their production or exploitation without reflection at account 02 "Depreciation of Fixed Assets". For safekeeping of the objects during production or exploitation, OJSC «Moscow Regional Electric Grid Company» organizes control over their movement and presence in term of quantity.

To reflect enter and flow of assets accounted according to rules of accounting in the structure of fixed assets and passed from the category of not valuable and high-wearing items, unified forms No. MB-2, MB-4, MB-7, MB-8 are used.

Grounds: 1. Paragraph 18 of Section III SAS 6/01.

2. Order of State Statistics Committee of the Russian Federation of 30 October 1997 No.71a.

3. Order of State Statistics Committee of the Russian Federation of 28 October 2002 No.5.

4.2.9. Expenses for repairs of fixed assets.

Expenses for all types of repair (current, average and capital) are included in costs of the reporting period in which they were carried out. Reserve for future expenses for repairs of fixed assets is not created.

Grounds: Paragraph 72 of Statement No.34n.

4.2.10. Fixed assets retirement.

Profits and losses connected with sales, retirement and other kinds of fixed assets accounting retirement are the subject of placing to profits and losses account as operational profits and losses.

In case of fixed assets and other assets retirement because of unavailability due to inoperability, depreciation and other kinds of retirement, losses are the subject of placing to operational costs.

Grounds: 1. Paragraphs 12, 31 of Section III SAS 6/01.

2. Paragraph 11 of Section III SAS 10/99.

3. Paragraphs 7, 8 of Section III SAS 9/99.

4. Paragraph 82 of Statement No.34n.

4.3. Capital investment account.

Unfinished capital investments include costs for building and assembly works which are not structured by fixed assets handover statements and other documents (including documents which confirm state registration of real property in cases provided for by legislation), purchase of buildings, equipment, transport, tools, devices, survey work, geological exploration, drilling operations, costs for land allotment and others.

Expenses accounting and calculation of finished capital investments costs are carried out by external method on actual costs that is for each real property object, purchase of land, natural resources separate fixed assets objects, intangible assets, etc.

Capital building objects in temporary service are reflected as unfinished capital investments up to putting into permanent operation.

Unfinished capital investments are reflected in accounting sheet as actual costs.

Objects of finished capital building are included in the structure of fixed assets according to inventory value which is determined separately for each object put into operation.

4.4. Material and production stocks.

Accounting of inventories is carried out according to Accounting Regulations No. 5/01 "Material and Production Stocks Accounting" approved by the Order of the RF Ministry of Finance of 9 June 2001 No.44n.

4.4.1. Structure of material and production stocks

Material and production stocks include assets which meet requirements set by SAS 5/01.

Equipment, tools and maintenance accessories with operating life less than one year are reflected on the structure of material and production stocks at the account 10 "Materials".

Structure of material and production stocks also provides for special tools, devices, equipment (special mountings) and work clothes regardless of productive use term.

Grounds: 1. Paragraph 2 of Section I SAS 5/01.

2. Paragraph 13 of Section 2 of the Order of the RF Ministry of Finance on 26 December 2002 No.135n.

4.4.2. Estimation of material and production stocks.

Material and production stocks are taken into accounting according to their actual cost of acquisition or production.

General business expenses and other similar expenses are not included in actual expenses for purchase of material and production stocks except for the cases when they are directly connected with purchase of material and productive stocks.

Actual cost of material and productive stocks the company got due to gift agreement or without consideration and left after fixed assets and other assets retirement, is determined according to their market price as of the date of taking into accounting.

Actual cost of material and productive stocks passed into deposit in authorized capital stock (share capital) of the Company is determined according to their appraised monetary value concerted by founders (members) of the Company unless otherwise is stipulated by the RF legislation.

Actual cost of material and productive stocks the company got due to agreements which provide for performance of obligations (payment) by non-monetary assets is considered expenses of assets which were passed or were the subject to pass by the Company.

Actual expenses of OJSC «Moscow Regional Electric Grid Company» for delivery of material and production stocks including commodities for selling before their passing to sale, are included in material and production stocks actual cost.

Estimation of material and production stocks the Company got due to unbilled deliveries including often used for repair and reconstruction and capital building is carried out according to similar material and production stocks average cost in previous month.

Unbilled deliveries enter material assets accounts (depends on purpose of material assets being delivered).

At the same time, material assets enter and are taken into account in analytical and synthetic accounting according to prices established in the Company.

Commodities purchased by branches of OJSC «Moscow Regional Electric Grid Company» are reflected at the account 41 «Commodities».

Material and production stocks which belong to OJSC «Moscow Regional Electric Grid Company» but are in passing or passed on security are reflected in accounting according to accounting prices.

The following prices are used as accounting prices of materials:

a) Transaction prices. In this case, other expenses which enter materials actual cost are accounted separately in the structure of ordering costs;

б) Materials actual cost according to data of either previous month or previous reporting period (reporting year). In this case, fluctuation between materials actual cost of current month and their accounting price are accounted in the structure of ordering costs.

Final product is reflected in accounting sheet according to actual production cost which includes expenses connected with use of fixed assets, raw materials, materials, fuel, energy, labor resources during production and other expenses for production.

Grounds: 1. Paragraphs 6, 13 and 26 of Section II SAS 5/01.

2. Paragraph 59 of Statement No.34n.

3. Paragraph 30 of the Order of the RF Ministry of Finance of 28 December 2001 No.119n.

4.4.3. Accounting of material assets actual cost forming.

Forming of material assets actual cost is carried out by implementation of accounts 15 «Procurement and acquisition of material assets» and 16 «Material assets price difference». Accounting due to actual cost is carried out at account 10 «Materials».

Ordering costs of the Company are taken into account by their direction to separate account «Procurement and acquisition of materials» according to accounting documents of the supplier.

Expenses connected with purchase, keeping and sale of material assets (including ordering costs) incurred since the moment of their putting into sale are reflected at account 44 «Expenses for sales». In this case, material assets include:

a) final production passed for selling to subdivision of the Company which carries out selling activities and is not a legal entity;

б) Overmuch and unnecessary assets (including waste products) taken into account at production stocks and intangible assets passed for selling to subdivision of the Company which carries out selling activities and is not a legal entity;

в) Products purchased by the Company specially for sale.

Grounds: 1. Chart of account No.94n, Section II.

2. Paragraphs 11 and 13 of SAS 5/01.

3. Paragraphs 83, 218, 227 and 228 of the Order of the RF Ministry of Finance of 28 December 2001 No.119n.

4.4.4. Depreciation of material assets.

In case of putting material and production stocks into production and other typed of retirement, their estimation is carried out according to groups of homogeneous material and production stocks average cost due to places of keeping.

Depreciation of differences accounted at account 16 «Material assets price difference» is carried out proportionally with cost of materials put into production depending on aim of expenses.

Percentage of differences of the kind or group of material and production stocks is determined according to proportion of summed up divergence remainder as of beginning of the month and current divergences of the month, to summed up material and production stocks remainder as of beginning of the month and entered material and production stocks for current month, multiplied by 100. According to percentage calculated by this method, divergences are written off (reversed in case of negative gap) to the debit of production costs accounts expenses for sale) or other corresponding accounts.

Cost of tools, equipment and maintenance accessories is written off to expenses to the whole extent in case of their putting into operation. To provide safety, proper control in quantitative terms is organized.

Special tools, devices, equipment (special mountings) writing off is carried out by line method according to productive use term.

Selling of material assets to individuals and side enterprises is carried out according to agreement and market prices which include retail margin to clear transport and ordering costs of the branch.

Special working clothes which has the operating term of more than 12 months according to allowance, is written off to expenses by line method according to terms of productive use of special working clothes which are provided for by type industry standards for pay-free outgiving of special working clothes, shoes and other personal protection means.

Ordering costs and other similar costs which are not included in the cost of inventory stocks are written off to expenses in the amount determined as the current month coefficient from depreciated materials and raw materials cost. The coefficient is determined as proportion of summed up ordering costs with a glance of ending inventory by the beginning of the month to expenses for raw materials and materials purchase with a glance of ending inventory by the beginning of the month

Special working clothes which has the operating term of less than 12 months according to allowance, is written off simultaneously and is accounted at quantitative accounting separately.

The list of the clothes is determined according to order of the Director of the branch.

Grounds: 1. Paragraphs 16 and 18 of SAS 5/01.

2. Chart of account No.94n, Section II.

3. Paragraphs 21, 24, 26 of the Order of the RF Ministry of Finance of 26 December 2002 No.135n.

4.4.5. Method of material and production stocks analytical accounting.

Analytical accounting of material and production stocks is carried out by cash method.

Grounds: the Letter of the USSR Ministry of Finance of 30 April 1974 No.103 "On Major Statements on Material Accounting at Enterprises and Building Area".

4.5. Prepayments.

4.5.1. Structure of prepayments.

Expenses of the reporting period which are referred to following reporting periods are reflected in the accounting at separate entry as prepayments.

Structure of prepayments include particularly:

Expenses connected with expansion of new territories, installations and aggregates;

Expenses connected with land recultivation and implementation of other environmental measures;

Expenses connected with purchase of software production and data bases according to sale and purchase agreements or swap contracts is case the assets do not meet conditions set for intangible assets (p.3 of SAS 14/2000);

Expenses for purchase of certificates or user licenses, etc.

Prepayments do not include retirement of assets in the order of advance payment of material and production stocks and other assets. According to business conduct traditions, return of paid cash assets is possible including early termination of the contract. These payments are classified as advances (preliminary payment) and are reflected at the accounts of suppliers and contractors payments separately.

Grounds: 1. Paragraph 65 of the Statement No.34n.

2. Chart of account No.94, Sections VI and VIII.

4.5.2. Retirement of prepayments.

Prepayments are subject of retirement by expenses during the period they refer to which is set at special calculations at the moment of the expenses' origin.

Grounds: Paragraph 65 of the Statement No.34n.

4.5.3. Prepayment accounting.

Analytical accounting of prepayments is carried out by expenses at the account 97 "Prepayments".

Grounds: Chart of account No.94, Section III, Account "Prepayments".

4.6. Financial investments.

4.6.1. Estimation of financial investments (initial and the subsequent).

Financial investments are accepted to book keeping at initial value. The initial value of the financial investments acquired for payment is the sum of actual expenses for their purchase, except for the value added tax and other compensated taxes.

The actual expenses for purchase of financial investments do not include common economic and other similar charges, except for the cases when they are directly connected with purchase of financial investments.

Before accepting assets as financial investments to book keeping, the actual expenses for their purchase are determined in view of sum differences arising in the cases when payment is made in rubles in the sum equivalent to the sum in the foreign currency.

In case of insignificance (in the amount of up to 0.05%) of the size of expenses (except for the sums paid according to the contract to the seller) for purchase of such financial investments as securities in comparison with their par value, such charges are not included in the initial value of financial investments, and are related to the operational charges in the reporting period, in which the specified securities were accepted to book keeping.

Financial investments sold and bought at the stock exchange, under which it is possible to determine the current market value, are reflected in book keeping at the current market value by quarterly updating of their estimation for the previous reporting date. The difference between the estimation of financial investments at the current market value for the reporting date and the previous estimation of financial investments is related to the financial results in the structure of operational incomes and charges.

Financial investments, under which the current market value is not determined, are subject to reflection in book keeping at the initial value.

Grounds: Items 8, 10, 11, 19, 20, 21 and 22 - AR 19/02.

4.6.2. Retirement of financial investments.

At retirement of financial investments, under which the current market value is not determined, their value is determined as follows:

Contributions to authorized capitals of other organizations (except for shares of the joint-stock companies, the loans given to other organizations, depositary contributions to the credit organizations, debt receivable acquired on the basis of the concession of the right of demand, are estimated at the initial value of each retiring unit of financial investments;

Securities (shares and bonds) are estimated at retirement at average initial value;

Purchased bills are estimated at retirement (payment for performed works (goods, services) at the price of purchase;

At retirement of assets accepted to book keeping as financial investments, under which the current market value is determined, their value is determined proceeding from their last estimation.

Grounds: Items 26, 27, 28, 30 - AR 19/02.

4.6.3. Creation of the provision for depreciation of financial investments.

The provision is formed for the financial investments, under which the current market value is not determined and steady essential depreciation is observed. This provision is created for depreciation of financial investments for the size of the difference between accounting and settlement cost. Check for depreciation of financial investments is held once a year as 31 December of the financial year, provided attributes of depreciation are present. The specified reserve is formed due to financial results in the structure of operational charges.

Grounds: Items 37-40 - AR 19/02.

4.6.4. Classification of financial investments, proceeding from the term of their use.

Depending on the term of the circulation (repayment), the financial investments are subdivided into short-term and long-term.

Grounds: Items 41, 42 - AR 19/02.

4.7. Settlements with debtors and creditors.

4.7.1. Estimation of debt receivable of buyers.

The debt receivable of buyers as to services on electric energy transmission is considered according to the sum invoiced to buyers for reasonable prices and tariffs approved by authorized bodies in the field of regulation of tariffs.

Grounds: Item 73 of the Provision No.34n.

4.7.2. Estimation of other debt receivables.

Settlement of accounts with other debtors and under claims is reflected in the accounting and reporting proceeding from the prices stipulated by contracts, and the developed balances under calculations.

Grounds: Item 73 of the Provision No.34n.

4.7.3. Provision for doubtful debts.

OJSC "Moscow Regional Electric Grid Company" forms a reserve for doubtful debts for settlement of accounts with the organizations for products, goods, works and services, with attributing the sums of the provision to the financial performance.

The size of the provision is determined separately on each doubtful debt depending on the financial position (solvency) of the debtor and evaluation of probability of repayment of the debt in full or in part.

When estimating the financial position (solvency) of the debtor, the attributes of insolvency (bankruptcy) specified in article 3 of the Law of the Russian Federation "On insolvency (bankruptcy)" as of 8 January 1998 No.6-FL may be used: inability of a legal entity to meet the requirement of creditors under money liabilities and (or) to perform obligatory payments if the corresponding obligations and (or) duties are not executed by them within three months from the moment of an approach of the date of their performance.

The provision for doubtful debts is created quarterly on the basis of the results of debt receivable inventory held.

If up to the end of the financial year following the year of creation of the provision for doubtful debts this reserve in any of its parts is not used, the unspent amounts are included in the financial performance accounting to the balance at the end of the financial year financial results.

Grounds: 1. The plan of accounts 94n, section VI, account "Provision for doubtful debts". 2. Item 70 of the Provision 34n.

4.7.4. Estimation of accounts payable.

The accounts payable to suppliers and other creditors is registered in the sum of the accounts accepted for payment and size of accrued obligations according to settlement documents.

The accounts payable under the uninvoiced deliveries are registered in the amount of received values defined proceeding from the price and conditions stipulated in contracts.

Grounds: 1. Item 73 of the Provision 34n. 2. The plan of accounts No.94n, section VI.

4.7.5. The order of writing off debts receivable and accounts payable.

The debt receivable with the expired limitation period, other uncollectible debts are written off under each obligation on the basis of data of the inventory, written substantiation and the order of the head of OJSC "Moscow Regional Electric Grid Company" and are charged to the reserve of doubtful debts or to the financial results if during the period previous to accounting, the sums of these debts were not reserved.

Writing off of a debt to loss owing to insolvency of the debtor is not cancellation of the debt. This debt is reflected in the accounting balance within five years from the moment of writing off in order to observe an opportunity of its collecting in case of change of the property status of the debtor.

The sums of accounts payable and accounts receivable, under which the period of limitation expired, are written off under each obligation on the basis of data of the held inventory, written substantiation and the order of the head of OJSC "Moscow Regional Electric Grid Company" and are related to the financial performance.

Grounds: Items 77 and 78 of the Provision No.34n.

4.8. Distribution and use of profit.

4.8.1. Authorization.

Use of profit of OJSC "Moscow Regional Electric Grid Company", remaining at its disposal after the accrual of the profit tax and other similar obligatory payments, including authorization for non-observance of rules of the taxation, is approved by the general meeting of shareholders.

Grounds: the Federal law as of 26 December 1995 No.208-FL "On joint-stock companies".

4.8.2. Creation of funds.

OJSC "Moscow Regional Electric Grid Company" does not create any funds due to the profit remaining at its disposal, except for cases when creation of such funds is stipulated by constituent documents. In this case the order of their creation and use is determined on basis of decisions of the general meeting of shareholders.

Flow of free cash of financing capital investments is reflected in the system of book keeping on accounts "Accumulation fund" and "Accumulation fund used for financing capital investments".

OJSC "Moscow Regional Electric Grid Company" creates a reserve fund in the amount of 5 five percent from the Company's authorized capital.

The amount of obligatory annual contributions to the Company's reserve fund is at least 5 (five) percent of the Company's net profit up to achievement by the reserve fund of the established amount.

The Company's reserve fund is intended for covering of the Company's losses, and also for repayment of the Company's bonds, as well as repayment of the Company's shares in case of absence of other means.

OJSC "Moscow Regional Electric Grid Company" carries out centralization of depreciation charges which are distributed between branches of OJSC "Moscow Regional Electric Grid Company" according to the plan of long-term capital investments.

The basis: 1. The Federal Law as of 26 December 1995 No.208-FL "On joint-stock companies". 2. The plan of accounts 94n, section VII.

4.8.3 Presentation of information in the reporting.

The profit and loss statement presents the financial performance of the reporting period as net profit, i.e. the final financial result revealed for the reporting period less taxes due at the expense of profit and other similar obligatory payments, including authorizations for non-observance of rules of taxation, and taking into account deferred tax assets and deferred tax liabilities.

Grounds: the Order of the Ministry of Finance of Russia as of 22 July 2003 No.67n.

4.9. Credits and loans.

4.9.1. The order of accounting of debts under the received loans and credits.

The main amount of debt under the loan or credit granted by the creditor is registered at OJSC "Moscow Regional Electric Grid Company" according to the contract provisions in the amount of actually received monetary funds or in the valuation base of other things stipulated by the contract.

Grounds: Item 3 - AR 15/01.

4.9.2. Translation of long-term debts into short-term debts.

OJSC "Moscow Regional Electric Grid Company" performs translation of long-term debts into short-term debts.

Grounds: Items b and 32 - AR 15/01.

4.9.3. Estimation of debts under the received credits and loans.

The accounts payable under the received credits and loans is registered and reflected in the reporting taking into account the interest payable as of the end of the reporting period according to the contract terms.

The accrued amounts of interest are registered separately.

Grounds: 1. Item 73 of the Provision 34n. 2. The plan of accounts 94n, section VI. 3. Items 16, 17 - AR 15/01.

4.9.4. Accounting of the operations connected with issue of bonds.

Book keeping of the operations connected with issue of bonds is conducted on account 67 "Calculations under long-term credits and loans". The amount of the coupon income in percent and the price of selling (distribution) is determined by the decision of the Board of Directors of OJSC "Moscow Regional Electric Grid Company".

Charge of a due income (interests or discount) under the placed bonds is made according to the contract provisions and is reflected by OJSC "Moscow Regional Electric Grid Company" in operational charges of those accounting periods these charges are related to.

The organization-issue does not consider preliminarily the income amounts payable to the creditor under the sold bonds as charges of the future periods.

Grounds: 1. The plan of accounts 94н, section VI. 2. Item 18 AR 15/01.

4.9.5. Structure and order of recognition of expenses under loans and credits

The expenses connected with reception and use of loans and credits, include:

The interests payable to creditors and loan granting persons under loans received from them and credits;

Interests, discount under bills payable and bonds;

The additional expenses made in connection with reception of loans and credits, issue and placement of borrowed obligations.

The additional expenses made by OJSC "Moscow Regional Electric Grid Company" in connection with reception of loans and credits, issue and placement of borrowed Obligations, include the expenses connected with:

Rendering by OJSC "Moscow Regional Electric Grid Company" of legal and consulting services;

Realization of copying works;

Payment of taxes and tax collections (in the cases stipulated by the legislation);

Other expenses directly connected with reception of loans and credits, placement of borrowed obligations.

Inclusion of the additional expenses connected with reception of loans and credits, placement of borrowed obligations, is made in that reporting period, in which the specified expenses were made.

Writing off of the additional expenses connected with reception of loans is carried out due to charges of OJSC "Moscow Regional Electric Grid Company".

The expenses under the received loans and credits directly relating to purchase and (or) building of the investment asset, are included in the value of this asset and are repaid by means of accruing of amortization, except for cases when accrual of amortization of the asset is not stipulated by rules of book keeping.

The expenses under the received loans and credits connected with formation of the investment asset, under which according to the rules of book keeping the amortization is not charged, is not included in the value of this asset, and is related to the operational expenses of the organization.

Inclusion of expenses under the received loans and credits at the initial value of the investment asset is carried out provided the following conditions are complied with:

a) Occurrence of charges on purchase and (or) construction of the investment asset;

b) Actual beginning of the works connected with formation of the investment asset;

c) Presence of actual expenses for loans and credits or obligations for their realization.

If the investment asset is not accepted to book keeping as an object of fixed assets or a property complex (under corresponding articles of the assets), but it has been engaged for actual output, performance of works, rendering of services, in this case the inclusion of expenses for these loans and credits at the initial value of the investment assets terminates from the first date after the month of the actual beginning of the operation.

The basis; Items 11, 19, 20, 23, 27, 31 - AR 15/01.

4.9.6. Reception of loans, provision with own bill.

The debts of OJSC "Moscow Regional Electric Grid Company" to creditors secured by issued own bills is considered separately on account 66 "Calculations under short-term credits and loans" - short-term, on account 67 "Calculations under long-term credits and loans" - long-term. Simultaneously own bills which were issued with securing loans, are considered separately on the off-balance account 009 "Liabilities payable" at the par value.

Grounds: the plan of accounts 94н, section VI, of-balance accounts.

4.9.7. The order of accounting of incomes from temporary investment of borrowed funds.

In OJSC "Moscow Regional Electric Grid Company", expenses under the received loans and credits connected with purchase of the investment assets decrease by amount of the income of temporary use of borrowed means as long-term and short-term financial investments.

Grounds: Item 2b - AR 15/01.

4.10. Accounting of assets and obligations, the value of which is expressed in the foreign currency.

4.10.1. Book keeping of assets and obligations, the cost of which is expressed in the foreign currency is carried out in accordance with the Statement on Accounting Standards AR 3/00", approved by the order of the Ministry of Finance of Russia as of 10 January 2000 No. 2n.

The value of assets and obligations expressed in a foreign currency is subject to recalculation into rubles for their reflecting in book keeping and accounting reporting.

The recalculation of the value of assets and obligations expressed in a foreign currency, into rubles is made at the rate of the Central Bank of the Russian Federation for this foreign currency in relation to the ruble acting at the date of fulfilment of the operation in the foreign currency.

To draw up the accounting reporting, the recalculation of value of assets and obligations (bank notes in cash department of the organization, funds on accounts of the organization, monetary and payment documents, short-term securities, means in settlements (including under borrowed obligations with legal entities into rubles, is made at the rate of the Central Bank of the Russian Federation, acting for the reporting date.

Grounds: Items 4, 5, 6, 7, 8, 9, 10 - AR 3/2000,

4.10.2 Accounting of the difference in rate of exchange.

The difference of the rate of exchange is reflected in book keeping and accounting reports in that reporting period, to which the date of execution of obligations for payment is related, or for which the accounting reports are drawn up.

Recalculation of the value of bank notes in cash department of the organizations and funds on accounts in credit organizations, expressed in a foreign currency, in the process of change of rates of the foreign currencies quoted by the Central Bank of the Russian Federation is not performed.

The difference of the rate of exchange is subject to transfer to the financial results as extraordinary incomes and extraordinary charges.

Grounds: Items 12, 13 - AR 3/2000.

4.11. Provisions of future charges and payments.

OJSC "Moscow Regional Electric Grid Company" does not create provisions for forthcoming charges and payments.

Grounds: Item 72 of the Provision 34n.

4.12. The earnings from goods, products, works and services.

Book keeping of earnings of products and goods, and earnings connected with performing works and rendering services, is carried out according to the Statements for Accounting Standards "Incomes of the organization", AR 9/99, approved by order of the Ministry of Finance of Russia as of 6 May 1999 No. 32n.

4.12.2. A method of earnings accounting.

The earnings from selling products and goods, and earnings connected with performing works and rendering services, are recognized according to the assumption of temporary definiteness of the facts of economic activities (on shipment) and presentation of settlement documents for payment.

Grounds: Item 12, section IV - AR 9/99.

The accounting of the receipt of products and goods, and the receipts connected with performing works and rendering services is conducted by kinds of activity:

1. Earnings from rendering services on electric energy transmission.

2. Earnings from selling other goods, works and services of industrial nature by their kinds.

3. Earnings from selling of other goods, works and services of non-productive nature and other kinds of activities which are usual for OJSC "Moscow Regional Electric Grid Company", by their kinds.

The revenues which are distinct from usual kinds of activity, are recognized other earnings.

Volumes executed construction and installation works at performing construction by the organization are not recognized incomes and are not registered in earnings from selling.

Grounds: 1. Items 4 and 18L - AR 9/99.

2. The plan of accounts 94n, balance account 90.

4.13. Peculiarities of accounting of expenses for production and sale of products, goods, works and services, and of production cost of sales.

Book keeping of charges under usual kinds of activity is carried out according to the Statements on Accounting Standards "Charges of the organization", AR 10/99, approved by order of the Ministry of Finance of Russia as of 6 May 1999 No.33n taking into account sector features.

4.13.1. Separate accounting of expenses.

The accounting of expenses from selling products and goods, and the earnings connected with performing works and rendering services, is conducted by kinds of activity:

1. The production cost from rendering services on electric energy transmission.

2. The production cost from sales of other goods, works and services of industrial nature by their kinds.

3. The production cost from selling other goods, works and services of non-industrial nature and other kinds of activity which are usual for OJSC "Moscow Regional Electric Grid Company", by their kinds.

4.13.2. Method of the industrial accounting.

OJSC "Moscow Regional Electric Grid Company" applies process-by-process method of expenses and calculation of production costs. The main way of the industrial accounting is the way of summing up the expenses. The expenses of branches for electric energy transmission are transferred to the executive body of OJSC "Moscow Regional Electric Grid Company" under the advise note for definition of the full production cost for electric energy transmission till the 8th day of the month following the reporting, with the application of calculations for energy transmission.

Electric energy transmission coincides with its selling as to time period, there cannot be the rests of production-in-process in the main production of electric energy transmission.

The earnings and expenses of branches by other kinds of activities are registered by them independently with definition of the result on a specific kind of activity.

The final balance of profits and losses is monthly transferred to branches under the letter of advise to the executive body of OJSC "Moscow Regional Electric Grid Company".

Grounds: the Instructions for planning, accounting and calculation of production cost.

Electric and thermal energy, approved by the Ministry of power industry and electrification of the USSR as of the year 1970.

4.13.3. The full production cost on transfer of electric energy.

The full production cost for electric energy transmission is formed in the executive body of OJSC "Moscow Regional Electric Grid Company" and determined as a whole in the Company as value estimation used during manufacture and sale of kinds of products of natural resources, raw material, other materials, energy, fixed assets and manpower, and other expenses for electric energy transmission made by all divisions of "Moscow Regional Electric Grid Company".

Incomes from distributing products, performing works, rendering services with a long cycle of manufacturing of products (manufacture of works), performed for outside organizations are recognized in the process of readiness of specific products, works, services with reflection of earnings on account 46 "Executed stages on incomplete works". The long cycle of manufacturing is a period of at least one-year period of manufacturing.

4.13.4. Distribution of common production charges and common economic charges.

The grouping and writing off of expenses for electric energy transmission is made by division of expenses into direct and indirect together with calculation of the full production cost of products (works, services). Distribution of indirect charges between objects of calculation is made in proportion to the main wages of industrial workers.

Charges for maintenance of industrial services in the executive body of OJSC "Moscow Regional Electric Grid Company" are considered as production costs, are registered on accounts 25 "Common charges" and are included in the production cost of the electric power transmission in the reporting period.

Expenses for rendering services on connection of capacity are defined by "uniform tariff" method, are registered separately on a separate account, written off to charges in the same reporting period and are not included in the production cost of electric energy transmission.

Grounds: 1. Item 64 of the Provision 34n. 2. Item 9 of AR 10/99.

4.13.5. The accounting of expenses of auxiliary divisions of branches.

Expenses of auxiliary (not main manufacture) divisions are transferred to divisions of core and non-core business. The specified expenses are reflected in book keeping as subject to compensation under actual expenses at recognition by their divisions (branches) of core and non-core business on the basis of:

Agreements on works, services;

Certificates of the executed works or shipping documentation signed by the accepting party.

4.13.6. The accounting of repairs of fixed assets in the structure of the production cost.

The structure of charges for repair of fixed assets of industrial divisions included in the production cost, has the following groups: charges for the repair which is carried out by a contract way; charges for wages of employees engaged in repairs performed by the Company without conclusion of a contract; other expenses for repair.

Charges for the repair which is carried out by divisions of auxiliary manufacture, are also divided into charges for wages in the structure of the production cost of repair work and miscellaneous costs.

4.13.7. Accounting of charges for scientific researches and (or) design and experimental developments.

Charges for scientific researches and (or) developmental works are charges for scientific researches, development of a new product and design documentation on a new product or new technology. Scientific researches are experimental or theoretical activities aimed at reception or application of new knowledge.

Scientific researches and (or) design and experimental developments can be carried out by OJSC "Moscow Regional Electric Grid Company" independently or together with other organizations (in the amount corresponding to its share of charges) as a customer of such researches or developments on the basis of contracts.

The charges for research, developmental and technological works include all the charges connected with performance of specified works.

The information on charges for research, developmental and technological works is reflected in book keeping as investments into non-current assets.

The analytical accounting of charges for research, developmental and technological works is conducted separately by kinds of works, contracts (orders).

Charges on scientific researches and (or) design and experimental developments are written off to expenses after the end of these researches or developments (end of separate stages of work) and signing by the parties of the completion certificate, including intermediate ones. Branches of OJSC "Moscow Regional Electric Grid Company" creating R&D by own forces, quarterly transfer the information on expenses for them to the accounts department of the Company's executive body on each subject.

Upon termination of the works and registration of the certificate of implementation, these expenses are written off to the charges of the enterprise.

Write-off of charges to each of executed scientific and research, design and experimental and technological work is made by a linear way.

The term of writing off of charges for research, developmental and technological works is determined by the organization independently proceeding from the expected term of use of the received results of the research, design and technological works, during which the organization can receive economic gains (income), but no more than 5 years.

The reason: 1. Items 2, 5, 7, 9, 10, 11 AR 17/02.

4.13.8. Accounting of charges for obligatory and voluntary insurance of property.

OJSC "Moscow Regional Electric Grid Company" on behalf of the executive body is a central organ as to concluding contracts on all kinds of obligatory insurance of property, and under the following kinds of voluntary insurance:

Voluntary insurance of vehicles, including rented, used during manufacturing and selling of goods (works, services);

Voluntary insurance of cargoes;

Voluntary insurance of fixed assets intended for industrial purposes (including the rented), intangible assets, incomplete capital construction (including the rented);

Voluntary insurance of the risks connected with performance of civil and erection works;

Voluntary insurance of inventories;

Voluntary insurance of other property used at realization of activity directed to profit making;

Voluntary insurance of the responsibility for causing harm in the cases stipulated by the legislation of the Russian Federation, or standard international requirements.

Expenses under obligatory kinds of insurance and voluntary insurance are included in the structure of charges of branches in the amount of actual expenses. The accounting of expenses under contracts of insurance is carried out on balance account 97 "Charges of future periods" with their uniform monthly attributing to the expenses in the term according to contract conditions.

4.13.9. Estimation of production-in-progress.

The production-in-progress is estimated in book keeping under the actual production cost.

The reason: Item 64 of the Provision No.34n.

4.13.10. The general requirements to the analytical accounting of expenses.

Book keeping of the production cost of sales is conducted by kinds of products, works and services. The accounting of expenses is conducted by kinds of products (works, services), technological processes, types of manufacture, types of activities, nomenclature articles of expenses, and elements of expenses.

The reason: 1. The plan of accounts No.94n. Section III, section VIII, account "Sale". 2. Item 8 of section II - AR 10/99.

4.13.11. The accounting of labor payment and settlement of accounts with personnel.

The accounting of labor payment and settlement of accounts with personnel of OJSC "Moscow Regional Electric Grid Company" is carried out on the basis of the guide "Types of accruals and retention in OJSC "Moscow Regional Electric Grid Company" (Application No.1 to the Regulations for the accounting policy in OJSC "Moscow Regional Electric Grid Company")" which changes in the process of change of the Regulations for labor payment in the Company and legislative documents.

4.14. Other incomes and charges.

Book keeping of other incomes and charges is carried out according to the accounting regulations "Incomes of an organization", AR 9/99 and "Charges of an organization", AR 10/99. approved accordingly by orders of the Ministry of Finance of Russia as of 6 May 1999 No.32niNo.33n.

4.14.1. Structure of operational incomes.

Operational incomes are:

The receipts connected with participation in authorized capitals of other organizations (including interests and other incomes on securities);

Receipts from selling fixed assets and other assets; products and goods which are different from bank notes (except for foreign currency);

The profit received under the contract of simple partnership, and other receipts.

The interests received for granting of money resources of OJSC "Moscow Regional Electric Grid Company" for use, and interests for use by bank of the money resources which are on the Company's account in this bank.

The reason: Item 7 of section II - AR 9/99.

4.14.2. Structure of extraordinary incomes.

Extraordinary incomes are:

Penalties, fines, forfeits for infringement of conditions of contracts;

Receipts of compensation of losses caused to OJSC "Moscow Regional Electric Grid Company";

Gratuitous reception of assets;

The profit of the last years revealed in reporting year;

The amounts of accounts payable and receivable, under which the limitation period has expired;

The sum of increase in the value of assets;

Exchange rate differences;

Other extraordinary incomes.

The reason: Item 8 of section II - AR 9/99.

4.14.3. The accounting of sum differences.

The amount of proceeds from selling and amount of charges for purchase of goods, works, services is determined taking into account sum differences arising in the current reporting period. The structure of other incomes and charges includes sum differences arising under incomes and charges of the last reporting periods;

After putting in operation of the fixed assets and intangible assets; after writing-off to production and other retirement of inventories.

Updating of the value of assets in the form of the fixed assets by the amount of sum differences is carried out before the moment of accepting these assets to accounting. The sum difference on calculations for these assets which arise in the further are related to the structure of other incomes and charges.

The sum differences arising in connection with calculations for consumed inventories are reflected on account 15 "Preparation and purchases of inventories" and thus form the production cost of goods (works, services).

The reason: Items 6, 8 AR - 9/99, items 6, 12 - AR 10/99, item 8 - AR 6/01, item - AR 5/01.

4.14.4. Separate kinds of operational charges.

The charges connected with granting the organization's assets in temporary use for a payment, charges connected with sale, retirement and other write-off of fixed and other non-monetary resources, goods, products and other operational charges corresponding to AR 10/99 are included in operational charges and are related to account 91 "Other incomes and charges".

The reason: Item II of section III - AR 10/99.

4.14.5. Separate kinds of extraordinary charges.

Charges of social nature: material aid, health improving actions, losses from maintenance of housing and public services, financing of objects of social sphere and other social charges corresponding to AR 10/99 are included in extraordinary charges and are related to account 91 "Other incomes and charges". Transfer of means (contributions, payments, etc.), connected with charities, charges for realization of sports actions of cultural and educational nature and other similar actions are also included in the structure extraordinary charges.

The reason: Item 12 - AR 10/99.

4.15. The capital.

The structure of the Company's equity capital includes the authorized, additional and reserve capital, undistributed profit and other reserves.

The balance sheet shows the amount of the authorized capital registered in constituent documents.

The sum of the increase in the value of fixed assets, objects of capital construction and other material objects of property with the useful life exceeding 12 months held in accordance with the established procedure, and other similar amounts are registered as the additional capital.

In the process of forming the additional capital, accounting of the means under the fixed capital put in operation, aimed at financing capital investments, the source of formation of which was the Company's profit, is carried out.

The undistributed profit is accounted as:

undistributed profit of past years - unpaid, which is debt receivable;

undistributed profit of past years paid;

undistributed profit used for capital investments, under which the putting of fixed assets into operation is not carried out;

undistributed profit received at reorganization (spin-off);

undistributed profit of the current year.

The target financing includes receipt of budgetary funds within the limits of the program of target financing and financing of target investment programs according to contracts of equity contribution and individual contribution.

The reason: Items 66, 67, 68 of the Provision No.34n.

4.16 Accounting of calculations under the profit tax.

4.16.1. Concept of constant differences, time differences, constant tax liabilities.

Constant differences are incomes and charges forming the accounting profit (loss) of the reporting period and excluded from the tax base under the profit tax of both the reporting and the subsequent periods.

Time differences are understood as incomes and charges forming the accounting profit (loss) in one reporting period; tax base under the profit tax - in the other reporting period or periods.

The constant tax liability is the sum of the tax which leads to an increase in tax payments under the profit tax in the reporting period

The information on constant and time differences is formed on the basis of primary registration documents in registers of the book keeping and tax accounting.

The reason: Items 4, 5, 7, 8, 13 - AR 18/02.

4.16.2. The order of the accounting of the deferred tax assets.

OJSC "Moscow Regional Electric Grid Company" recognizes the deferred tax assets in that reporting period, in which the subtracted time differences arise, provided there is a probability that the Company will receive taxable profit in the subsequent reporting periods. The deferred tax assets are reflected in book keeping of the executive body of OJSC "Moscow Regional Electric Grid Company" on a separate synthetic account 09 "Deferred tax assets". In the analytical accounting, the deferred tax assets are registered in a differentiated manner by kinds of assets, in the estimation of which there appeared the subtracted time difference. The reason: Item 14 - AR 18/02.

4.16.3. The order of accounting of the deferred tax liabilities.

The deferred tax liabilities are recognized in the reporting period having taxable time differences. The deferred tax liabilities are reflected in book keeping of the executive body of OJSC "Moscow Regional Electric Grid Company" in separate synthetic account 77 "Deferred tax liabilities". Thus in analytical accounting, the deferred tax liabilities are accounted differentially by kinds of actives and obligations, in the estimation of which there occurred a taxable time difference.

The reason: Item 15 - AR 18/02.

4.16.4. The order of reflecting deferred tax assets and liabilities in the reporting.

The deferred tax assets and deferred tax liabilities are reflected in the balance sheet of the executive body of OJSC "Moscow Regional Electric Grid Company" accordingly as noncurrent assets and long-term liabilities.

The reason: Item 23 - AR 18/02.

4.16.5. The order of reflecting in the reporting.

The constant tax liabilities, the deferred tax assets, the deferred tax liabilities are reflected in the profit and loss statement. The reason: Items 24, 19 - AR 18/02.

4.17. Events after the reporting date.

Reflection in the accounting reporting of events after the reporting date is carried out according to the Accounting Regulations "Events after the reporting date" AR 7/98, approved by the order of the Ministry of Finance of Russia No. 56n as of 25 November 1998.

4.17.1. The recognition of the event after the reporting date of the accounting reports.

The event after the reporting date is the fact of economic operations which has rendered or can render influence on the financial position, cash flow or on performance of OJSC "Moscow Regional Electric Grid Company" and which took place in the period between the reporting date and the date of signing the accounting reports for the financial year.

The event after the reporting date is also announcement of annual dividends in accordance with the established procedure following the financial year's performance.

The reason: Item 3 of section II - AR 7/98.

4.17.2. The estimation of consequences of the event after the reporting date.

In order to estimate in money terms the consequences of the event after the reporting date, the corresponding calculation is made and confirmation of this calculation is provided. The calculation is made by a service this events relates to, according to the functions exercised by it.

The reason: Item 8 of section III - AR 7/98.

4.17.3. Disclosing of events after the reciprocal date in the reporting.

The events after the reporting date are reflected in the accounting reporting by specification of data about the corresponding actives, obligations, capital, incomes and charges of OJSC "Moscow Regional Electric Grid Company" or by disclosing the corresponding information in explanatory notes to the balance sheet and profit and loss statement. The announcement of dividends is disclosed in explanatory notes to the balance sheet and profit and loss statement.

The reason: Items 7, 9, 10 of section III - AR 7/98.

4.18. The conditional facts of economic activities.

Reflection in the accounting reporting of the conditional facts of economic activities is carried out according to the Accounting Regulations "Conditional facts of economic activities", AR 8/01, approved by the order No.X°96n of the Ministry of Finance of Russia as of 28 November 2001.

4.18.1. The recognition of the conditional facts in the accounting reporting.

The accounting reporting of OJSC "Moscow Regional Electric Grid Company" reflects all material conditional facts of economic activities, if there is uncertainty concerning their consequences and probability of their occurrence in the future, that is the end result of which will be confirmed only at occurrence(or non-occurrence) of one or several uncertain events in the future.

The reason: Item 3 of section I and item 7 of section II - AR 8/01.

4.18.2. The structure of the conditional facts of economic activities.

The conditional facts include:

Trials-in-process as of the reporting date, in which OJSC "Moscow Regional Electric Grid Company" acts as a claimant or respondent, and the decisions on which can be made only during the subsequent reporting periods;

The disagreements connected with payments to budgets, which were not settled as of the reporting date with tax bodies;

Guarantees and other kinds of security of the obligations, given out in favour of third parties, the term of execution of which have not been matured;

Discounted bills, the term of repayment of which has not been matured;

Sale or discontinuance of some activity of OJSC "Moscow Regional Electric Grid Company", closing of branches or their transferring;

Discontinuance of some activity of OJSC "Moscow Regional Electric Grid Company", liquidation of branches;

Other similar facts.

The reason: Item 3 of section I - AR 8/01.

4.18.3. The order of reflection in the reporting of the conditional facts.

OJSC "Moscow Regional Electric Grid Company" creates reserves in connection with obligations existing as of the reporting date, concerning the size or the term of execution of which there is an uncertainty. The created reserve is related to charges of the organization.

Conditional assets are not reflected in accounts of book keeping of OJSC "Moscow Regional Electric Grid Company".

The information on the conditional obligation is opened in the explanatory note to the accounting reports of OJSC "Moscow Regional Electric Grid Company".

The reason: Items 7, 8, 9, 13 section II - AR 8/01.

4.18.4. The estimation of consequences of the conditional facts of economic activities.

OJSC "Moscow Regional Electric Grid Company" estimates conditional obligations in money terms. The calculation of the conditional obligation (assets) is carried out in the event that this size can be estimated on a level sufficiently grounded.

The calculation is made by a service, the responsibility of which includes issues of the conditional fact of economic activities. The conditional assets are not subject to estimation in money terms.

The reason: Section III - AR 8/01.

4.19. The information on affiliated persons.

Reflection in the accounting reporting of the information about affiliated persons is carried out according to the Accounting Regulations "Information about affiliated persons", AR 11/2000, approved by the order of the Ministry of Finance of Russia No. 5n as of 13 January 2000.

4.19.1. Disclosing of the information about affiliated persons in the reporting.

OJSC "Moscow Regional Electric Grid Company" includes information on affiliated persons in the explanatory note, which is a part of the accounting reports, in the form of a separate section. Thus, the specified data are not applied at formation of the reporting for internal purposes and the reporting made for a state statistical supervision body, for a credit organization or for other special purposes.

The information on affiliated persons in the accounting reports includes operations between OJSC "Moscow Regional Electric Grid Company" and an affiliated person.

Thus, an operation between OJSC "Moscow Regional Electric Grid Company" and an affiliated person is any operation on transfer of any assets or liabilities between OJSC "Moscow Regional Electric Grid Company" and an affiliated person.

The accounting reports of OJSC "Moscow Regional Electric Grid Company" opens the information on operations between JSC RAO UES of Russia and OJSC "Moscow Regional Electric Grid Company", OJSC "Moscow Regional Electric Grid Company" and other companies included in the group.

The reason: Items 2, 5 of section I and item 14 of section II - AR 11/2000.

4.19.2. The list of affiliated persons

The list of affiliated persons, the information about which is disclosed in the accounting reports, is fixed by OJSC "Moscow Regional Electric Grid Company" independently, proceeding from the content of relations between OJSC "Moscow Regional Electric Grid Company" and an affiliated person, in view of observance of the requirement of priority of the content over the form.

The reason: Item 10 - AR 11/2000.

4.20. The accounting of the state assistance.

Reflection in the accounting reports of the information on reception and use of the state assistance is carried out according to the Regulations on book keeping "Accounting of the state assistance", AR 13/2000, approved by the order of the Ministry of Finance of Russia No. 92n as of 16 October 2000.

4.20.1. Classification of budgetary funds.

For the purposes of book keeping, the budgetary funds are subdivided into:

Means for financing the capital charges connected with purchase, construction or other acquisition of noncurrent assets (fixed assets, etc.);

Means for financing the operational expenditure. They include budgetary funds which are different from the capital funds intended for financing.

The reason: Item 4 of section I - AR 13/2000.

4.20.2. The order of reflection of budgetary funds in book keeping.

The budgetary funds accepted to book keeping are reflected in book keeping as occurrence of target financing and debts under these funds.

Budgetary funds are recognized in accounting: in process of actual reception of resources.

Budgetary funds are written off from the account of target financing as an increase in financial results.

Depreciation charges are in a general manner accrued simultaneously on noncurrent assets purchased due to budgetary funds and subject to operating rules of amortization.

Write-off of budgetary funds from the account of the target financing is made on a regular basis:

The sums of budgetary funds for financing of capital charges - during the term of useful life of noncurrent assets subject to operating rules of amortization. Thus target financing is accounted as incomes of the future periods at putting of noncurrent assets into operation with the subsequent referring during the term of useful life of noncurrent assets in the

amount of the added amortization on financial results of OJSC "Moscow Regional Electric Grid Company" as extraordinary incomes;

The sums of budgetary funds for financing of the operational expenditure - during the periods of recognition of charges, for financing of which they are intended.

Budgetary credits are reflected in book keeping in the general order accepted for the accounting of borrowed funds.

The rest of means under the account of the target financing means regarding the budgetary funds granted by OJSC "Moscow Regional Electric Grid Company" is reflected in the balance sheet under article "Incomes of the future periods".

The reason: Items 7-9 of section II, item 16 of section III, item 20 of section IV - AR 13/2000.

4.21. The information on discontinued activities.

Reflection in the accounting reporting of the information on discontinued activity is carried out according to the Accounting Regulations "Information on discontinued activity", AR 16/02, approved by the order No. 66n of the Ministry of Finance of Russia as of 2 July 2002.

Disclosing of the information on discontinued activity.

OJSC "Moscow Regional Electric Grid Company" includes in the explanatory note which is a part of the accounting reports, the following information on discontinued activity:

description of discontinued activity;

value of assets and liabilities of OJSC "Moscow Regional Electric Grid Company" assumed for retirement or repayment within the limits of discontinued activity;

sums of incomes, charges, profits or losses before taxation, and the sum of the accrued profit tax on discontinued activity;

cash flow concerning the discontinued activity, with a breakdown into current, investment and financial activity during the current reporting period.

The reason: Item 11 of section III - AR 16/02,

4.22. The information on participation in joint activity.

Reflection in the accounting reporting of the information on participation in joint activity is carried out according to the Accounting Regulations "Information on participation in joint activity", AR 20/03, approved by the order No. 105n of the Ministry of Finance of Russia as of 24 November 2003.

4.22.1. Jointly performed operations.

Jointly performed operations are performance by each participant of the contract of a certain production phase (implementation of works, rendering of service with use of own assets. Thus each participant of the contract in book keeping reflects the part of charges and obligations, and also the share of economic gains due to it or the income according to contract provisions.

Incomes, charges, liabilities and assets under jointly carried out operations by each participant of the contract are considered separately in the share related to the participant, in the analytical accounting under the corresponding synthetic accounts of the accounting of incomes, charges, obligations and assets.

Each participant of the contract reflects in book keeping the share of production due to it and (or) the income from sale of products (performance of works, rendering of services) for the reporting period according to contract provisions. Thus, the participant who carries out the final stage of joint production, registered the share of products due to other participants of the contract off the balance, and if the contract stipulates sale of products (works, services) - the incomes which are subject to reception by other participants of the contract are reflected by it in book keeping as a liability to them.

The reason: Items 6, 7 of section II - AR 20/03.

4.22.2. Shared assets.

The assets are considered shared, in the property is in the general property of participants of the contract with determination of a share of each of proprietors in the property right (the shared property), and proprietors conclude the contract for the purpose of sharing of such property for reception of economic gains or income. Thus, each of participants of the contract reflects in book keeping a share of charges and obligations, and a share of incomes due to it from sharing assets according to contract provisions.

Incomes, charges, obligations received as a result of sharing assets, are considered by each participant of the contract separately in the analytical account under the corresponding synthetic accounts of the incomes, charges, obligations. The assets belonging to the participant of the contract under the right of the shared property and contributed by it, continue to be registered by it on corresponding accounts of book keeping and are not translated into the structure of financial investments. Thus, the contribution of the participant of the contract, the economic operations connected with performance of such contract, and financial results received from sharing assets are not allocated to a separate balance sheet.

Each participant of the contract in book keeping for the reporting period reflects its share of the incomes received from sharing assets, and obligations and charges incurred by it in connection with performance of the contract.

The obligations occurred directly at the participant in connection with participation in the contract, and also its share in joint obligations with other participants of the contract are subject to reflection in the book keeping of the participant.

The book keeping of the participant reflects the charges made directly by the participant in connection with participation in the contract, and its share in joint charges with other participants of the specified contract,

The reason: Items 9, 10 of section III - AR 20/03.

4.22.3. Joint activity.

According to article 1041 of the Civil Code of the Russian Federation under the contract about joint activity (the contract of simple partnership) two or several persons (partners) undertake to unite their contributions and in common to operate without establishment of a legal entity to gain profit.

In conformity with article 1043 of the Civil Code of the Russian Federation, conducting book keeping of the common property can be entrusted to one of participants in the contract of simple partnership of legal entities.

The assets included as the contribution under the contract about joint activity, are added by the partner organization to the structure of financial investments at the value equal to that reflected in the balance sheet for the date of the contract.

At forming the financial result, each partner organization includes profit or loss on the joint activity subject to reception or distributed between the partners, into the structure of operational incomes or charges.

The reason: Items 12, 13, 14 of section IV - AR 20/03.

4.22.4. Disclosing of the information in the accounting reports.

The organization which is the participant of the contract about joint activity, discloses in the accounting reports the following information on participation in joint activity:

- a) goal of joint activity (production, performance of works, rendering of services, etc.) and contribution to it;
- b) way of receiving an economic gain or income (jointly performed operations, shared assets, joint activity);
- c) classification of an accounting segment (operational or geographical);
- d) cost of assets and obligations related to joint activity;
- e) amounts of incomes, charges, profits or loss related to joint activity.

The information in the accounting reports of the organization about participation in joint activity is presented in an explanatory note according to the rules established by the Accounting Regulations "Information by segments" AR 12/2000.

The reason: Items 22 of section V - AR 20/03.

Chief Accountant T.P. Dronova

Accounting policy for taxation purposes of
Open Joint-Stock Company «Moscow Regional Electric Grid Company» for 2005

ORDER

On tax accounting policy of OJSC «Moscow Regional Electric Grid Company» for 2005

According to the legislation of the Russian Federation, the constituent entities of the Russian Federation and statutory acts of institutions of local government on taxes and tax collections, **I ORDER:**

1. To approve and put into effect the Regulations on Tax Accounting Policy of OJSC «Moscow Regional Electric Grid Company» for 2005 according to the application.
2. To directors of the branches to provide:
 - 2.1. Keeping the tax accounting according to the Regulations on Tax Accounting Policy of OJSC «Moscow Regional Electric Grid Company».
 - 2.2. Automation of the tax accounting at the branch by means of the conclusion of the contract with data-processing centre branch of JSC "Mosenergo" on installation and support of the software of tax registers according to the Tax Accounting Policy of OJSC «Moscow Regional Electric Grid Company».
3. To assign the responsibility for the organization of the tax accounting at branches to director and chief accountant of the branch, at the executive body - to first deputy executive director for economy, finance, contractual work and accounting A.I. Raev; and deputy chief accountant I.K. Ivanov.
4. To assign the duty on calculation of the taxable base, presentation of declarations and payment of taxes:
 - Under the centralized taxes (VAT, property tax, profit tax) and to tax payments of OJSC «Moscow Regional Electric Grid Company» - to the accounts department of the executive body;
 - Under tax payments of the branch (personal income tax, unified social tax, land tax, water tax, transport tax, and other kinds of local taxes and tax collections) - to the chief accountant of the branch.
5. The first deputy executive director for economy, finance, contractual works and accounting A.I. Raev and acting chief accountant T.P. Dronova shall control execution of this order.

Executive Director

V.S. Chistyakov

REGULATIONS
on tax accounting policy of
OJSC «Moscow Regional Electric Grid Company»
for 2005

I. Principles of organization of tax accounting

1. General provisions

1.1. These Regulations determine the system of the tax accounting accepted in OJSC «Moscow Regional Electric Grid Company» for the purposes of calculation, payment and declaration of taxes, and the order of interaction of isolated divisions of OJSC «Moscow Regional Electric Grid Company» on the tax accounting issues.

1.2. The tax accounting policy for the purposes of taxation is obligatory for branches and other isolated divisions of OJSC «Moscow Regional Electric Grid Company».

1.3. Changes in the tax accounting policy of OJSC «Moscow Regional Electric Grid Company» are made in case of changing of the order of the accounting of separate economic operations and (or) objects for the purposes of taxation in the event of changing of the legislation or applied methods of the accounting, and if OJSC «Moscow Regional Electric Grid Company» has started to carry out new kinds of activities.

Decisions on any changes are reflected in the tax accounting policy for the purposes of taxation.

1.4. The order of drawing up of the tax reporting, the form of registers of the tax accounting and the order of their keeping, the order of formation of the tax base, calculation and payment of taxes and tax collections is regulated by these Regulations, and other internal documents of OJSC «Moscow Regional Electric Grid Company» about the order of calculation and payment of separate taxes and tax collections.

1.5. Inventory of the obligations connected with calculations under taxes and tax collections, and verification of debts with tax bodies are made by the executive body, branches and other isolated divisions of OJSC «Moscow Regional Electric Grid Company» regarding payments at the place of execution of duties of the tax bearer.

1.6. Each Tax Office of the Federal Tax Service of the Moscow region appoints a branch or another isolated division responsible for carrying out verification of calculations of personal accounts of OJSC «Moscow Regional Electric Grid Company» on the centralized taxes according to the order of OJSC «Moscow Regional Electric Grid Company».

2. Principles of the organization of execution of duties by OJSC «Moscow Regional Electric Grid Company» under tax accounting.

2.1. The accounting of calculations under taxes, payments and collections paid to the budget and non-budgetary funds, is held by a continuously accruing result during the tax period separately on each tax, payment and collection with a breakdown into levels of budgets and non-budgetary funds (federal budget, budget of the constituent entity of the Russian Federation, local budget), and with a breakdown into types of debts (shortage on the main amount of tax, payment and collection, penalty, fine).

2.2. The tax accounting is carried out at all management levels of OJSC «Moscow Regional Electric Grid Company». The responsibility for conducting the tax accounting is assigned to employees of the tax sector which is a part of the accounting service headed by the chief accountant of OJSC «Moscow Regional Electric Grid Company». Powers and responsibility of the tax divisions at each level of management and inside of each level is determined by the Regulations for the division, Regulations for tax accounting policy of OJSC «Moscow Regional Electric Grid Company» and duty regulations of employees who carry out tax accounting in the organization.

The documents proving calculations assessment and payment of taxes are drawn up by the tax sector of the accounts department of the executive body according to the information provided to it by the branches and other, isolated divisions of OJSC «Moscow Regional Electric Grid Company» and the accounts department of the executive body according to the schedule of document circulation.

2.3. The book-keeping provides for the requirements to the accounting according to the provisions of the Tax Code of the Russian Federation (hereinafter referred to as RF-TC).

2.4. Separate registration of accounts is held with regard to taxes, payments and collections:

With a breakdown into each separate isolated division determined to be such according to the RF-TC requirements with regard to payment of taxes, payments and collections;

By kinds of budgets;

By state funded organizations;

By kinds of taxes, collections, payments.

The analytical accounting of calculations under penal sanctions for non-observance of rules of the taxation and penalties is carried out by kinds of budgets, taxes, collections, and payments.

2.5. In order to provide correct and full formation of taxable bases under all taxes and tax collections, divisions give necessary information in the term established by the schedule of document circulation, in forms and volumes approved by corresponding orders of the chief accountant of OJSC «Moscow Regional Electric Grid Company».

3. Distribution of duties between the executive body and isolated divisions of OJSC «Moscow Regional Electric Grid Company»

3.1. The executive body executes duties of the tax bearer (calculation of taxable base, granting of declarations) on the following taxes:

On the profit tax - it carries out calculation of the tax as a whole at OJSC «Moscow Regional Electric Grid Company», distributes the amount of tax payments between budgets of different levels, represents the summary declaration to tax bodies at the place of their location of the executive body, and the declaration to tax bodies at the place of location of the isolated divisions;

On the value added tax - it carries out calculation of the tax as a whole at OJSC «Moscow Regional Electric Grid Company» and presents tax declaration at the place of its location;

On the property tax - it carries out calculation of the tax as a whole at OJSC «Moscow Regional Electric Grid Company» and presents declaration to tax bodies at the place of the location of the executive body, and the declaration to tax bodies at the place of the location of the isolated divisions having a separate balance, and to the tax bodies at the place of location of the objects of the real estate which is outside of the place of location of the organization, isolated division of the organization having a separate balance;

On the local taxes and tax collections stipulated by article 15 RF-TC - it estimates and represents declarations to tax bodies at the place of its location;

On the tax to incomes of physical persons and the uniform social tax - regarding the payments to workers made by the executive body.

As a tax agent, the executive body at payment of dividends to shareholders of OJSC «Moscow Regional Electric Grid Company» estimates and retains the profit tax of legal entities and tax to incomes of physical persons.

The executive body estimates and retains the VAT from the amounts of the incomes paid to the organizations-non-residents which are not registered as tax residents in the Russian Federation.

3.2. Branches exercise duties of the tax bearer on calculation of taxable base and granting of declarations on the following taxes:

On the land tax - regarding the land areas registered by the branch;

On the tax to incomes of physical persons and the uniform social tax - regarding the payments to workers made by the branch and its structural division;

On the transport tax - regarding the vehicles registered at the place of location of branches and their structural divisions (as shown in RF-TC, Article 28);

On the tax to extraction of minerals;

On the water tax;

On other taxes paid by the branch at the place of its registration or its isolated divisions.

3.3. Payment of tax payments to the budgets and non-budgetary funds is made:

On payments of the branch and its structural divisions - by the branch;

On payments of the executive body - by the executive body;

On the centralized taxes - by the executive body.

4. The order of interaction with tax bodies

4.1. OJSC «Moscow Regional Electric Grid Company» executes its rights and duties of the tax bearer (tax agent) through interaction with tax bodies which carry out control over correctness and timeliness of payment of taxes and granting of the reporting, and carry out other functions according to RF-TC.

4.2. For conducting operative work with tax bodies locally, OJSC «Moscow Regional Electric Grid Company» issues an order to appoint a responsible branch at each regional inspection.

4.3. Granting to the tax body of the information which presents tax secret is made only according to the order of granting such information established by OJSC «Moscow Regional Electric Grid Company». Only those experts of OJSC «Moscow Regional Electric Grid Company» may cooperate with the tax bodies, who are entitled to this under their duty regulations and only within the limits of their competence.

5. The order of carrying out of verification of the information on paid and assessed taxes with tax bodies

5.1. Verification of calculations with the budgets is carried out in accordance with the procedure determined by the order of the Ministry of Taxes and Tax Collection of Russia as of 10 August 2004 No.SAE-3-27/468 "On adoption of the Rules of the Organization of Work with Tax Bearers".

5.2. Verification of calculations with budgets is held quarterly in the term determined by the order of OJSC «Moscow Regional Electric Grid Company». As for the centralized taxes, the branch presents originals of certificates of verifications to the tax sector of the accounts department of the executive body. As for the branch's taxes, the x-copies of certificates of verifications are presented to the tax sector of the executive body and the originals are stored at the branch.

6. The order of forwarding inquiries to the tax bodies on application of the laws on taxes and tax collections

6.1. In compliance with article 21 RF-TC, OJSC «Moscow Regional Electric Grid Company» has the right to receive from tax bodies written explanations on application of the laws on taxes and tax collections. For reception of such an explanation, OJSC «Moscow Regional Electric Grid Company» forwards the corresponding written inquiry to the tax body at the place of the registration.

6.2. The questions on application of the tax and tax collection laws are forwarded to the chief accountants of branches or employees appointed by them to the accounts department of the executive body of OJSC «Moscow Regional Electric Grid Company». The accounts department of the executive body, proceeding from the necessity of observance of the uniform approach to issues of the taxation and the tax accounting in OJSC «Moscow Regional Electric Grid Company» as a whole, answers these questions in a written form. In case of impossibility of formulation proceeding from the requirements of the tax laws of unequivocally treated answer, the accounts department of the executive body of OJSC «Moscow Regional Electric Grid Company» (if necessary with participation of experts of legal division) prepares a letter of inquiry to the tax body.

6.3. At forwarding of the inquiries to the tax bodies concerning application of the taxes and tax collections laws, the following order is observed. The inquiries containing all questions demanding solution within the limits of OJSC «Moscow Regional Electric Grid Company» are forwarded to the Tax Office of the Federal Tax Service at the place of registration of OJSC «Moscow Regional Electric Grid Company» (the executive body). The inquiries on the order of calculation of the taxes which are subject to transfer to the Tax Office (for example, local taxes and tax collections) can be forwarded to this body at the place of the registration of the isolated divisions.

6.4. The originals of inquiries to tax bodies and their answers are stored in the accounts department of the executive body of OJSC «Moscow Regional Electric Grid Company» or the branch. The chief accountant of

the branch should provide delivery of copies of all inquiries and answers by the Tax Office at the place of registration of the branch, to the accounts department of the executive body.

7. Storage of documents of tax accounting

7.1. Documents of tax accounting are tax declarations, payment orders on transfer of taxes, calculation of tax base, tax registers, and primary documents of book keeping.

7.2. Originals of primary documents are stored in accordance with the established procedure in accounts department of the executive body or branch accordingly.

7.3. The responsibility for safety of documents of the tax accounting is determined by the order of the head of a branch of OJSC «Moscow Regional Electric Grid Company».

II. Tax accounting of economic operations for the purposes of calculation of the profit tax

8. General provisions

8.1. OJSC «Moscow Regional Electric Grid Company» establishes a uniform system of organization, ways and forms of conducting tax accounting for the purposes of the profit tax on the basis of Chapter 25 of the Tax Code of the Russian Federation and these regulations.

8.2. OJSC «Moscow Regional Electric Grid Company» estimates the tax base based on the results of each reporting (tax) period on the basis of data of the tax accounting, if Chapter 25 of the Tax Code of the Russian Federation stipulates the order of grouping and accounting of objects and economic operations for the purposes of taxation, which is different from the order of grouping and reflection in the book keeping, the accounting reports established by rules of bookkeeping and bookkeeping accounting policy.

8.3. OJSC «Moscow Regional Electric Grid Company» admits specification and expansion of principles, order and forms of holding tax accounting stated in this Regulations during the tax period by means of introduction of an additional analysis, registers and principles of generalization of the information, principles contributing to a more correct disclosing and order of formation of the tax base.

8.4. The primary documents for the purposes of the tax accounting are primary documents (including the accountants' report) of book keeping, tax registers and calculation of tax base.

8.5. The basis of the tax accounting and calculation of the taxable base is the data containing in book keeping. A part of the data containing in book keeping, can be used directly for calculation of the tax base without any updating. This relates to incomes and charges which are equally registered for the purposes of book keeping and tax accounting. A part of the data containing on synthetic accounts can be used for calculation of the tax base only after these data will be additionally detailed and isolated from the data of the synthetic accounts.

8.6. Forms of registers of tax accounting, accounting and other information used at calculation of the profit tax, are developed and approved in accordance with the established procedure. The registers of the tax accounting can be kept as special forms on paper medium, in electronic form and (or) any machine medium.

9. The method of accounting of incomes and charges of OJSC «Moscow Regional Electric Grid Company»

9.1. OJSC «Moscow Regional Electric Grid Company» estimates incomes and charges for the purposes of taxation under the method of accruing. According to this method, the incomes (charges) are recognized in that reporting period, in which they actually took place, irrespective of actual receipt (spending) of money resources.

9.2. The order of accounting and the moment of the recognition of separate kinds of incomes (charges) are specified in separate items of these Regulations.

10. The general procedure of determining incomes

10.1. Incomes of OJSC "Moscow Regional Electric Grid Company" booked when taxing the profits are determined on the basis of primary documents and data of tax accounting which is kept according to the these Regulations.

10.2. For the purposes of calculation of the profit tax, all incomes of OJSC «Moscow Regional Electric Grid Company» are divided into two groups:

sales incomes; extraordinary incomes.

10.3. At determining incomes, the amounts of taxes presented according to RF-TC of OJSC "Moscow Regional Electric Grid Company" to the buyer (purchaser) of goods (works, services, property rights) are excluded from them.

10.4. Incomes are recognized in the accounting (tax) period, in which they took place, irrespective of actual receipt of money resources, other property (works, services) and (or) property rights.

10.5. Under the incomes related to several accounting (tax) periods, and if relation between incomes and charges cannot be determined precisely or is determined by an indirect way, incomes are distributed by OJSC «Moscow Regional Electric Grid Company» independently, with observance of a principle of uniformity of recognition of incomes and charges.

10.6. For sales incomes, the date of reception of the income is the date of selling goods (works, services, property rights) determined according to item 1 of Article 39, RF-TC (date of transition of the property right), irrespective of actual receipt of money resources (other property (works, services) and (or) property rights) in payment for them. When selling goods (works, services) under a commission contract (agency contract) of OJSC «Moscow Regional Electric Grid Company» representing a committent (principal); the date of reception of the income from selling is the date of selling the property (property rights) belonging to the committent (principal) which is specified in the notice by the commission agent (agent) on selling and (or) the report by the commission agent (agent).

10.7. The date of reception of extraordinary incomes is accepted in accordance with the procedure established by item 4 of article 271, RF-TC.

10.8. Incomes from selling are determined by kinds of activity: if another way of taxation is stipulated for this kind of activity, another tax rate is applied, or another way of booking the profit or loss is stipulated, which is different from the general one for this kind of activity.

10.9. For the purposes of the taxation, incomes from selling fixed assets and other property (except for securities, the income from selling of which is determined in accordance with the procedure established by the RF-TC) are booked on the basis of the data of book keeping in view of provisions of Article 40, RF-TC.

10.10. Sum differences arise if the amount of the arisen obligations and demands estimated under the rate of conditional monetary units as of the date of selling (entering in accounts) of goods (works, services), property rights established in accordance with the agreement of the parties, mismatches the actually received (paid) amount of rubles.

Sum difference is recognized to be income:

When selling goods (works, services), property rights - as of the date of repayment of debt receivable for the sold goods (works, services), property rights, and in case of the advance payment - as of the date of selling goods (works, services), property rights;

When purchasing the goods (works, services), property rights - as of the date of repayment of accounts payable for the purchased goods (works, services), property, property rights or other rights, and in case of the advance payment - as of the date of purchase of goods (works, services), property, property rights or other rights.

Sum differences in tax accounting are reflected in the structure of extraordinary incomes.

11. The general order of determining charges

11.1. Charges of OJSC «Moscow Regional Electric Grid Company» are determined on the basis of primary documents and data of tax accounting which is conducted according to these Regulations,

11.2. When determining charges which reduce incomes of OJSC «Moscow Regional Electric Grid Company», their documentary confirmation and economic validity is obligatorily checked.

11.3. Documentary confirmed charges are the charges confirmed by primary documents, issued according to the legislation of the Russian Federation.

a) Primary documents should contain the following obligatory details:

b) Name of the document;

c) Date of drawing up of the document;

d) Name of the organization on behalf of which the document is issued;

e) Contents of economic operation;

f) Measuring instruments of economic operation in kind and in money terms;

g) Name of positions of persons responsible for fulfilment of economic operation and correctness of its registration;

h) Personal signatures of the specified persons.

11.4. Charges of OJSC «Moscow Regional Electric Grid Company», except for the charges which are not booked for the purposes of taxation in conformity with item 270, RF-TC, are subdivided into:

Charges connected with manufacture and sale;

Charges on trading operations;

Charges on realization of the activity connected with use of objects of service productions and facilities in conformity with item 275.1, RF-TC;

Extraordinary charges.

11.5. Charges for manufacture and sale which were realized during the reporting (tax) period are subdivided into:

Direct;

Indirect.

11.5.1. The direct costs connected with manufacture and sale of goods, works and services, include:

Tangible costs determined according to subitems 1 and 4 of items 1 of Article 254, RF-TC;

Charges for labour payment of the personnel participating during manufacture of goods, performance of works and services, and the amounts of the uniform social tax accrued for the specified amounts of charges for labour payment. The specified charges are not included in the charges for labour payment which are not charges for manufacture and sale and, in particular, charges for labour payment on repair activities for own needs,

Charges for labour payment on works, the expenses on which are related to extraordinary charges,

Charges for labour payment on works, the expenses on which are not booked for the purposes of taxation in conformity with article 270, RF-TC;

The amounts of the added amortization on the fixed assets used when manufacturing goods, works, and services.

The specified amounts of amortization do not include the amounts of amortization on the fixed assets which are not used when manufacturing and selling, in particular, the amounts of amortization of the fixed assets used in repair activities for own needs, the amounts of amortization of the fixed assets used in works, the expenses on which are related to extraordinary activity, and the amount of amortization of the fixed assets used in activities, works, the expenses on which are not booked for the purposes of taxation in conformity with article 270, RF-TC;

11.5.2. The direct charges when carrying out wholesale and retail trade are transport charges for delivery of purchased goods to the warehouse of OJSC «Moscow Regional Electric Grid Company» (branches), if these charges are not included in the price of purchase of these goods under contract terms.

11.5.3. The indirect charges include all other amounts of charges for manufacture and sale, except for extraordinary charges and the charges which are not booked for the purposes of taxation in conformity with article 270, RF-TC.

11.6. The structure of extraordinary charges includes the proved expenses for realization of the activity which is not connected directly with manufacturing and selling. The structure of extraordinary charges is formed in conformity with article 265, RF-TC.

11.7. The structure of the charges which are not booked for the purposes of taxation, is formed in conformity with article 270, RF-TC.

11.8. The charges accepted for the purposes of taxation in view of provisions of Chapter 25, RF-TC, are recognized in the reporting (tax) period they are related to, irrespective of time of actual payment of money resources and (or) other form of their payment,

11.9. If the contract provisions stipulate reception of incomes during more than one reporting period and stage-by-stage delivery of goods (works, services) is not stipulated, the charges are distributed by OJSC «Moscow Regional Electric Grid Company» independently taking into account a principle of uniformity of recognition of incomes and charges.

11.10. The dates of recognition of specific kinds of charges are accepted in accordance with the procedure established by article 272, RF-TC.

11.11. Charges (expenses) for the purpose of tax accounting are formed in at the actual place of realization of charges: the executive body, branches of OJSC «Moscow Regional Electric Grid Company» and other isolated divisions of OJSC «Moscow Regional Electric Grid Company», thus:

booking of charges is carried out according to these Regulations;

tax attributes of charges by kinds of manufactured goods, performed works, rendered services and kinds of activity irrespective of the place of realization of charges are established to be uniform for all branches of OJSC «Moscow Regional Electric Grid Company» and other isolated divisions; the tax attributes should correspond to kinds of manufactured goods, performed works, rendered services and the kinds of activities accepted as a whole for OJSC «Moscow Regional Electric Grid Company» as for a united tax bearer organization;

For the organization of tax accounting, "Work plan of accounts of book keeping financial and economic activities" is used; it is necessary to specify additionally an attribute of booking of incomes and charges when coding economic operations for tax accounting. The value of codes of this attribute is specified in the table:

Code	Designation of code
0	Economic operation is not recognized to be income of charge of enterprise either in book keeping or in tax accounting
1	Incomes and charges which are equally booked for the purposes of book keeping and for the purposes of tax accounting
2	Incomes and charges which for the purposes of income taxation are accepted in the volume different from the volume registered in the book keeping
3	Incomes and charges which are not recognized as such for the purposes of profit taxation
4	Economic operation in book keeping is included in the structure of profit and income within a specific period; a simultaneous writing off of charges or adding income is carried out in tax accounting
5	Economic operation in tax accounting is included in the structure of charges or income, registered for the purposes of taxation during a specific period; a simultaneous writing off of charges or adding income is carried out in tax accounting

11.12. Taking into account that OJSC «Moscow Regional Electric Grid Company» forms a taxable base with identical tax rate, charges which cannot be directly referred to expenses on a specific kind of activity are distributed proportionally to the share of charges on labour payment in the total volume of all charges for labour payment of the personnel of the given branch of OJSC «Moscow Regional Electric Grid Company» or another isolated division.

In case of application of various tax rates, the charges which cannot be directly related to the expenses on a specific kind of activity are determined according to item 1 of article 272, RF-TC.

11.13. The activity connected with use of objects of service production plants and facilities is booked by OJSC "Moscow Regional Electric Grid Company" as the activities of isolated divisions according to requirements of article 2751, RF-TC, and determines the tax base on the specified activity separately from the tax base on other kinds of activities,

11.14. The amount of direct charges for manufacture and sale realized in the reporting (tax) period, is related to charges of the current reporting (tax) period, except for the amounts of the direct costs distributed to the rests of the production-in-progress, finished goods in warehouse and shipped, but not sold in the reporting (tax) period in accordance with the procedure established by article 319, RF-TC.

11.15. The amount of indirect charges for manufacture and sale realized in the reporting (tax) period, is in full related to charges of the current reporting (tax) period in view of the requirements stipulated by RF-TC.

11.16. The expenses included in charges are considered according to the these Regulations taking into account standards and specifications established by RF-TC for separate item of expenses or quotas established by OJSC «Moscow Regional Electric Grid Company».

11.17. The charges for trading operations (distribution costs) are determined in accordance with the procedure established in article 320, RF-TC.

11.18. Charges in the form of sum difference arising in the event that the amount of arisen obligations and demands calculated under the rate of conditional monetary units as of the date of selling (entering in accounts) goods (works, services), property rights established by the agreement of the parties, mismatches actually received (paid) amount of rubles, are reflected in the structure of extraordinary charges.

Sum difference is recognized to be income:

When selling the goods (works, services), property rights - as of the date of repayment of debt receivable for the sold goods (works, services), property rights, and in case of the advance payment - as of the date of selling goods (works, services), property rights;

When purchasing goods (works, services), property rights - as of the date of repayment of accounts payable for the purchased goods (works, services), property, property rights or other rights, and in case of the advance payment - as of the date of purchase of goods (works, services), property, property rights or other rights.

11.19. Interest charges under debt instruments are included in the structure of the extraordinary charges irrespective of the character of the granted credit or loan (current and/or investment).

Under contracts of loan and other similar contracts (other debt instruments, including securities), the validity of which is more than for one reporting period, the charge is recognized implemented and is included in the structure of the corresponding charges as of the end of the corresponding reporting period.

The limiting amount of the interests recognized to be charges is accepted equal to the rate of refinancing of the Central Bank of the Russian Federation increased 1.1 times, - at registration of the debt instrument in rubles and, equal to 15 percent, - under debt instruments in a foreign currency. The above-stated order is also applied to interests in the form of a discount which is formed at the drawer as a difference between the price of the repurchase (repayment) and the price of sale of the bill.

The interests accrued to the creditor over the amounts accepted for charge, are not booked for the purposes of taxation.

12. The order of accounting and recognition of material charges

12.1. The value of raw material and other materials is determined proceeding from the prices of their purchase (without taking into account the amounts of the taxes which are subject to deduction, or included in charges according to RF-TC), including commissions paid to intermediary organizations, import customs duties and collections, charges on transportation and other expenses connected with purchase of raw material and other materials.

12.2. The value of raw material and other materials does not include:

Charges in the form of interests per debt instruments of any kind taken for the purpose of purchase of raw material and other materials;

Charges in the form of sum difference arising in the event that the sum of arisen obligations and demands estimated under the rate of conditional monetary units as of the date of entering in accounts of raw material and other materials established by the agreement of the parties, mismatches actually paid amount of rubles.

The charges specified in this item are included in the structure extraordinary charges.

12.3. The value of raw material, other materials, spare parts, components, semifinished items and other material assets of in-house manufacture, and value of results of works or the services of own manufacture included in the structure of material charges, is determined as value of finished goods in accordance with the procedure established by article 319, RF-TC.

12.4. When determining the amount of material charges at writing-off of raw material and materials used at producing (manufacturing) goods (performing works, rendering services), the method of an estimation under the average cost price is applied.

13. The order of writing off the cost of the purchased goods

13.1. The value of the goods is determined proceeding from the prices of their purchase (without taking into account the amounts of the taxes which are subject to deduction, or included in charges according to RF-TC), including the commissions paid to the intermediary organizations, import customs duties and collections, charges on transportation and other expenses connected with purchase of goods.

13.2. The value of the goods does not include:

Charges in the form of interests under debt instruments of any kind taken for the purpose of purchase of goods;

Charges in the form of sum difference arising in the event that the amounts of arisen obligations and demands estimated under the rate of conditional monetary units as of the date of entering goods in accounts established by the agreement of the parties, mismatches actually paid amount of rubles.

The charges specified in this item are included in the structure extraordinary charges.

13.3. When selling goods, the sales incomes decrease by the value of purchase of these goods determined under the value of the purchases which were the first by time (FIFO method).

14. The order of writing off the value of securities

14.1. The value of securities is determined proceeding from the prices of their purchase, including charges for their purchase.

14.2. The charges at sale (or other retirement) of securities are determined proceeding from the value of securities, expenses for their sale, amount of accumulated interest (coupon) income paid by OJSC «Moscow Regional Electric Grid Company» to the seller of the securities. Thus the charge does not include the amounts of the accumulated interest (coupon) income which was earlier booked at taxation.

14.3. At sale or other retirement of securities, the value of the retired securities which are written off to charges is determined under the value of a unit.

15. The procedure of accounting and recognition of charges for labour payment

15.1. Charges for labour payment include all payrolls to employees of OJSC "Moscow Regional Electric Grid Company" meeting the provisions positions of item 255 RF-TC and stipulated by orders and other executive documents of OJSC «Moscow Regional Electric Grid Company», provisions adopted according to them at branches and in the executive body, as well as collective and labour contracts.

15.2. Charges for labour payment also include charges for labour payment of the workers who are not included in the staff of the organization, for performance of works under civil liability contracts,

15.3. The structure of charges for payment recognized for the purposes of taxation does not include the charges named in item 270, RF-TC.

15.4. For the taxation purposes, the charges for labour payment are booked monthly proceeding from the amount of the accrued charges for labour payment for the given period.

16. The procedure of registration and recognition of depreciation charges

16.1. The estimation of the fixed assets and intangible assets.

16.1.1. Initial value of the fixed assets is determined as a sum of charges for their purchase, construction, manufacturing, delivery and bringing up to the condition which is suitable for use, except for the amounts of the taxes subject to deduction or booked in the structure of charges according to RF-TC.

16.1.2. Initial value of gratuitously received fixed assets is determined proceeding from estimation of such property according to item 8 of article 250, RF-TC.

16.1.3. When OJSC «Moscow Regional Electric Grid Company» uses objects of the fixed assets of in-house manufacture, the initial value of such objects is determined as the value of finished goods estimated according to item 2 of article 319, RF-TC.

16.1.4. Initial value of the fixed assets changes in cases of completion of construction, additional equipment, reconstruction, upgrade, modernization, and partial liquidation of the corresponding objects and on other similar bases.

16.1.5. Initial value of the amortized intangible assets is determined as a sum of charges on their purchase (creation) and their bringing up to the condition, in which they are suitable for use, except for the sums of the taxes booked in the structure of charges according to RF-TC.

16.1.6. The fixed assets received at reorganization in the form of a spin-off, are booked at the residual value which is determined according to tax accounting of the transferring party as of the date of reorganization.

16.1.7. The value of the intangible assets created by OJSC «Moscow Regional Electric Grid Company» is determined as a sum of actual charges for their creating, manufacturing (including material charges, charges for labour payment, charges for services of foreign organizations, patent fees connected with reception of patents, certificates), except for the sums of the taxes booked in the structure of charges according to RF-TC.

16.2. Structure of amortized property.

16.2.1. The amortized property of OJSC "Moscow Regional Electric Grid Company" for the purposes of tax accounting is the property which simultaneously complies with the following conditions: term of its useful life is more than 12 months and the initial value is more than 10,000 rubles; it is owned by OJSC «Moscow Regional Electric Grid Company» according to the property right or is booked on the balance of OJSC «Moscow Regional Electric Grid Company" on the basis of the contract of leasing; it is used by OJSC «Moscow Regional Electric Grid Company » for generating income; its value is repaid by accruing amortization.

16.2.2. The fixed assets, the rights to which are subject to the state registration according to the legislation of the Russian Federation, are included in the structure of the corresponding amortization group from the date of documentary confirmed fact of submission of documents for registration of the specified rights.

16.2.3. The following objects are not subject to amortization: land and other natural resources (water, bowels and other environmental assets); inventories; goods; objects of incomplete capital construction; securities; financial instrument of futures transactions.

16.2.4. The following kinds of property are not subject to amortization:

a) Property purchased (created) with use of budgetary funds of target financing (except for the property received at privatization);

b) Objects of land improvement facilities (including objects of road facilities, the construction of which was carried out with attraction of sources of budgetary or other similar target financing) and other similar objects;

- c) Productive cattle (except for workstock);
- d) Purchased editions (books, brochures, etc.), works of art;
- e) Property received within the limits of target financing;
- f) Purchased rights to results of intellectual activity and other objects of intellectual property if the contract on purchase of the specified rights stipulates payment in the form of periodic payments during the validity of the specified contract.

16.2.5. The fixed assets are excluded from structure of the amortized property:

Those transferred (received) in free use under contracts;

Those temporary closed down for over three months under the decision of the Management of OJSC "Moscow Regional Electric Grid Company";

Those being in the process of reconstruction and upgrade for over 12 months under the decision of the Management of OJSC «Moscow Regional Electric Grid Company».

16.2.6. Branches of OJSC «Moscow Regional Electric Grid Company», the objects of the fixed capital of which are temporary closed down for over three months or are reconstructed for over 12 months, shall in due time prior to the beginning of the transfer for temporary closing down or reconstruction prepare a draft decision of the Management of OJSC «Moscow Regional Electric Grid Company» about temporary closing down of reconstruction of the corresponding object of the fixed assets signed by director of branch and give it to the executive body.

16.2.7. Under the fixed assets transferred for gratuitous use, since the 1st date following after a month, in which the specified transfer was held, accruing of amortization is not performed.

The similar order is applied to the fixed assets transferred under the decision of the management of OJSC «Moscow Regional Electric Grid Company» to temporary closing down for over three months, and to the fixed assets which are under reconstruction, upgrade and modernization for over 12 months under the decision of the Management of OJSC "Moscow Regional Electric Grid Company". Upon termination of the validity of the contract of gratuitous use and return of the fixed assets, and at returning from temporary closing down or termination of reconstruction, the amortization is charged in accordance with the procedure established by Chapter 25, RF-TC, since the 1st day following after a month, in which the return of fixed assets of OJSC «Moscow Regional Electric Grid Company», the completion of reconstruction or return from temporary closing down of the fixed assets were carried out. When returning the fixed assets object from temporary closing down, the term of the useful life of fixed assets is prolonged for the period of the close-down of the object.

16.2.8. Tax accounting of the expenses connected with creation of objects of amortized property is conducted in the system of book keeping. For the purposes of taxation, a separate accounting of the expenses included in the initial value of objects of amortized property is carried out both in accounting and in tax accounting, and of the expenses which are not included in the initial value of objects of amortized property under the rules of tax accounting.

16.2.9. The fixed assets are a part of the property used as means of work for manufacturing and selling goods (performing works, rendering services) or for management by OJSC «Moscow Regional Electric Grid Company».

16.3. Amortization of the fixed assets.

16.3.1. The term of useful life of objects of the fixed assets are determined according to the provisions of article 258, RF-TC, and the governmental order of the Russian Federation No. 1 as of 1 January 2002 «About classification of the fixed assets included in amortization groups».

16.3.2. The fixed assets, the rights to which are subject to the state registration according to the legislation of the Russian Federation, are included in the structure of the corresponding amortization group from the date of documentary confirmed fact of submission of documents for registration of the specified rights.

16.3.3. OJSC «Moscow Regional Electric Grid Company» have the right to increase the term of useful life of the fixed asset objects after the date of its putting in operation in case the term of their useful life increased after reconstruction, upgrade or modernization. Thus the increase in the term of useful life of the fixed assets can be carried out within the limits of the term established for this amortization group these fixed assets was earlier included into.

16.3.4. Amortization of the fixed assets is charged by a linear method.

16.3.5. On cars and passenger minibuses having the initial value accordingly over 300 thousand rubles and 400 thousand rubles, the basic rate of amortization is applied with a special coefficient 0.5.

16.3.6. Concerning the amortized fixed assets used for work in conditions of hostile environment and (or) raised interchangeability, a special coefficient is applied to the basic rate of amortization, which is approved by the order of the head of the branch on each object of the fixed assets (not above 2).

16.3.7. For the amortized fixed assets which are subject of the contract of financial rent (contract of leasing) and are booked on the balance of OJSC «Moscow Regional Electric Grid Company», a special coefficient 3 is applied to the basic rate of amortization.

16.3.8. The amount of amortization for the purposes of taxation is determined monthly in accordance with the procedure established in item 259 and item 322, RF-TC. The amortization is charged separately on each object of the fixed assets.

16.3.9. Charge of amortization on objects of the fixed assets newly put into operation begins with the 1st date following after a month, in which the following conditions were met:

Objects are put into operation;

On the objects, the rights to which are subject to the state registration according to the legislation of the Russian Federation, the fact of submission of documents for registration is documentary confirmed.

Charge of amortization on object of the fixed assets ends from the 1st day following after a month, in which a the value of such object was fully written off or in which the given object retired from the structure of the fixed assets of OJSC «Moscow Regional Electric Grid Company» on any bases.

16.3.10. In case of purchase of objects of the used fixed assets, the rate of amortization on this property is determined taking into account the term of the useful life reduced by the number of years (months) of operation of this property by the previous proprietors. If the term of actual use of this fixed assets at the previous proprietors will be equal or will exceed the term of its useful life approved in conformity with executive documents of OJSC «Moscow Regional Electric Grid Company» on the basis of the governmental order of the Russian Federation No. 1 as of 1 January 2002 "On classification of the fixed assets included in amortization groups", the additional term of use of these fixed assets is determined taking into account the requirements of the safety precautions and other factors by the technical commission of the corresponding branch of OJSC "Moscow Regional Electric Grid Company" and adopted by the order of the head of the branch.

16.3.11. On the fixed assets received within reorganization in the form of a spin-off, the amortization is charged proceeding from the remained term of useful life which is determined according to tax accounting of the transferring party at the date of reorganization.

16.4. Amortization of intangible assets.

16.4.1. Definition of the term of useful life of the object of intangible assets is made proceeding from validity of the patent, certificate and (or) from other restrictions of term of use of objects of intellectual property according to the legislation of the Russian Federation or applicable legislation of the foreign state, and proceeding from the term of useful life of intangible assets confirmed by the corresponding contracts. On intangible assets, on which it is impossible to determine the term of useful life of the object of intangible assets, the rates of amortization are established with the expectation of ten years.

16.4.2. Amortization of intangible assets is charged by a linear method proceeding from the rates estimated on the basis of target dates of useful life.

16.4.3. The amount of amortization for the purposes of taxation is determined monthly in accordance with the procedure established by article 259 of LC of the Russian Federation. Amortization is charged separately on each object of intangible assets. Charge of amortization on object of intangible assets starts with the 1st day of a month following the month, in which this object was put into operation. Charge of amortization on object of intangible assets ends from the 1st day of a month following the month when the value of this object was fully written off or when this object retired from the structure of intangible assets of OJSC "Moscow Regional Electric Grid Company" on any bases.

16.5. Sale and retirement of amortized property.

16.5.1. The profit (loss) from sale or retirement of amortized property is determined on the basis of the analytical accounting under each object as of the date of recognition of the income (charge). Accounting of incomes and charges on amortized property is conducted object-by-object.

16.5.2. The profit received as a result of selling amortized property is included in the structure of the tax base in the reporting period, in which the property was sold.

16.5.3. The loss received as a result of selling amortized property is reflected in the analytical accounting as miscellaneous costs. The received loss is included in the structure of miscellaneous costs by equal shares within the term determined as a difference between for useful life of this property and actual term of its operation up to the moment of selling.

16.5.4. The amounts of undercharged amortization of the fixed assets at their liquidation are referred to extraordinary charges.

17. The order of estimation of the rests of the production-in-progress (PIP), the rests of finished goods, goods shipped

17.1. The estimation of the rests of production-in-process by kinds of activity, except for the primary one (electric power transmission), finished goods in warehouse, goods shipped without transition of the property right, is carried out on the basis of these primary documents and the tax accounting information on the amount of direct charges made.

17.2. The amount of direct charges is distributed to the PIP rests by kinds of activity, except for the primary one (electric power transmission) proportionally to the share of incomplete orders for performance of works (rendering of services) in the total amount of orders for performing works (rendering services) which are carried out in the reporting period..

17.3. The amount of the PIP rests as of the end of the reporting period is included in the structure of material charges of the following period.

18. The accounting of incomes and charges of service production plants and facilities.

The activity connected with use of objects of service production plants and facilities is booked by OJSC «Moscow Regional Electric Grid Company» as activity of the isolated divisions according to the requirements of article 2751, RF-TC. The Company determines the tax base on the specified activity separately from the tax base on other kinds of activity.

19. Creation and use of reserves

19.1. Reserve for doubtful debts.

19.1.1. For the purposes of covering losses under bad debts based on the results of the inventory of debt receivable held at the end of the previous reporting (tax) period, OJSC «Moscow Regional Electric Grid Company» creates reserves for doubtful debts in accordance with the procedure established by Article 266, RF-TC.

19.1.2. Reserves for doubtful debts can be used only for covering of bad debts, that is the debts to OJSC «Moscow Regional Electric Grid Company», under which the limitation of action has expired, and those debts, under which in conformity with the civil legislation the obligation is terminated owing to impossibility of its execution, on the basis of a certificate of the state body or liquidating organization.

19.2. Reserve for the forthcoming charges for fixed assets repair.

The reserve for the forthcoming charges for fixed assets repair is not created. Charges for repair are booked according to actual expenses.

20. The order of booking other indirect charges connected with manufacture and sale

Indirect charges include charges for research and development, charges for voluntary and obligatory insurance of property and other charges according to RF-TC. The structure of the expenses included in specified articles of indirect charges is determined in conformity with item 263 and item 272, RF-TC and other statutory acts of the legislation of the Russian Federation about taxes and tax collections.

21. The order of booking incomes and charges from leasing property

Incomes from leasing property are recognized for the purposes of tax accounting of sales incomes. The charges connected with leasing the corresponding property are recognized, for the purposes of tax accounting, to be charges connected with manufacture and sale (item 4 of article 250, RF-TC, item 1 subitem 1, article 265, RF-TC).

22. The order of payment of the profit tax

22.1. During the accounting (tax) period (quarter) OJSC « Moscow Regional Electric Grid Company» pays monthly advance payments under the profit tax. Monthly advance payments are made by equal shares in the amount of one third of actual quarter advance payment for a quarter prior to the quarter, in which the monthly advance payments were made.

22.2. Advance payments and amounts of taxes which are subject to transfer to the budgets of subjects of the Russian Federation are made in the place of location of OJSC «Moscow Regional Electric Grid Company», and also in the place of location of each of its branches or other isolated divisions proceeding from a share of the profit of these branches and other isolated divisions determined as simple mean of relative density of average number of workers and relative density of residual value of amortized property of OJSC «Moscow Regional Electric Grid Company». Thus, the residual value of amortized property is estimated according to Chapter 25, RF-TC.

III. Value-added tax

23. The procedure of calculation, payment and granting of the reports

23.1. Payment of the VAT to the federal budget is made centrally by the executive body of OJSC «Moscow Regional Electric Grid Company».

23.2. For the purposes of taxation, the date of occurrence of the duty to pay the VAT is the day of payment of goods (works, services), i.e. day of receipt of money resources.

23.3. The tax period under the VAT is established equal to one month.

23.4. OJSC «Moscow Regional Electric Grid Company» provides conducting of the separate accounting of expenses for production and sale: the kinds of activity which are subject to the taxation and are not subject to the taxation (exempted from taxation); kinds of goods (works, services), to which various tax rates are applied.

23.5. The amounts of the value added tax paid at purchase of goods (works, services) used by the tax bearer in manufacture and (or) realizations sale of taxable and tax-exempt goods (works, services) are distributed proportionally to the value of the shipped goods (works, services) subject to taxation (tax-exempt), to the total value of the shipped goods (works, services).

23.6. The amount of the tax corresponding to the relative density of proceeds, received from manufacture and sale of the goods (works, services), which is not subject to taxation, is not deducted. This position is not applied concerning those tax periods, in which the share of cumulative charges on manufacture of the goods (works, services), which are not subject to taxation does not exceed 5 percent (in value terms) of the total amount of cumulative charges for manufacture of goods (works, services). Thus all the amounts of the tax declared by sellers of the specified goods (works, services) in this tax period, are subject to be withheld in the generally established order. The proportion specified above is calculated as a whole for the Company, rather than for each branch taken separately.

23.7. Information on the value added tax from the branches are reflected in account 68 "Settlement of accounts under taxes and tax collections" on a separate subaccount on the basis of a letter of advice received from the corresponding branch together with the tax declaration. The letter of advice shows the following correspondence of accounts: D 68 K 79 - VAT is transferred for the payment in the budget.

23.8. When determining the amount of the tax paid at purchase of the goods (works, services), the value of which is related to the charges accepted for withholding and taxed under the zero rate, the interest share of tax base under the 0 rate of interest is used:

Sale of goods under the rate of 0% X Total Amount of VAT for deduction

Sale of goods under all rates

23.9. The order of drawing up and registration of invoices, books of purchases, books of sales is regulated by the current legislation. Log-books of the received and made invoices, books of purchases and books of sales are conducted by structural divisions and have through numbering with application of index which corresponds to the code of branch.

The logs of invoices, both issues and received, are kept directly at branches and structural divisions. The branches submit final indicators of the above-mentioned documents for the reporting tax period to the accounts department of the executive body for registration of a uniform log-book of invoices, uniform book of purchases and books of sales.

IV. Property tax

25. General provisions

25.1. The tax accounting for calculation of the property tax is carried out centrally on the basis of Chapter 30, RF-TC.

25.2. The object of taxation is movable and real estate considered on the balance of OJSC «Moscow Regional Electric Grid Company» as objects of the fixed assets according to the established order of conducting book keeping.

25.3. The land areas and other natural resources (water objects and others environmental assets) are not objects of taxation.

25.4. For the purposes of correct application of privileges under the property tax in OJSC «Moscow Regional Electric Grid Company», in branches and other isolated divisions of OJSC «Moscow Regional Electric Grid Company», a separate accounting of the property which is subject to privileges according to the current legislation under the property tax is conducted.

25.5. The structure of objects of property which is booked for reduction of the value of property estimated for the purposes of taxation is determined in conformity with article 381, RF-TC.

25.6. To calculate the property tax, the branches of OJSC «Moscow Regional Electric Grid Company» present calculations and lists of property which are booked for reduction of value of the property estimated for the purposes of taxation, within the term according to the schedule of document circulation. The given calculations and lists are coordinated by the corresponding divisions of the executive body:

The list of the power transmission lines and constructions being an integral technological part of the of the specified objects coordinated with the deputy general director for distribution grids, deputy chief engineer for high-voltage electric networks;

The list of objects of the welfare sphere used for the needs of culture and art, education, physical training and sports, public health services and social security, coordinated with deputy executive director for material and technical supply and general questions.

25.7. The property tax is distributed and paid to the budget in the place of location of OJSC «Moscow Regional Electric Grid Company», place of location of branches and each object of the real estate which is outside of the place of location of OJSC «Moscow Regional Electric Grid Company» or outside of the place of location of branches in conformity with articles 383,384,385, RF-TC.

V. Uniform social tax (contribution)

26. General provisions

26.1. The tax base on UST is determined as a sum of payments and other compensations according to chapter 24, RF-TC.

26.2. Branches independently make calculation and payment of UST separately on each fund and represent the declaration according at its location.

26.3. The branches which include isolated divisions, calculate and pay UST for divisions centrally at its location.

26.4. The remunerations and payment are not subject to inclusion in the tax base for calculation of the tax, if they are not referred to the charges reducing the tax base under the profit tax in the current reporting (tax) period.

26.5. Calculation of the tax base under each employee is made by an accruing result from the beginning of the year. If during the tax period the worker passes from one division to another, the tax rate is determined depending on the tax base calculated in view of payments on all divisions.

VII. Other taxes

Calculation and payment of the income tax of physical persons, land tax, tax on extraction of minerals, transport tax, tax to incomes of foreign legal entities, and other taxes and tax collections is made according to the legislation on taxes and tax collections and internal documents of OJSC «Moscow Regional Electric Grid Company», regulating the procedure of calculation of the corresponding taxes and tax collections.

Acting Chief Accountant

T.P. Dronova

ORDER

4 October, 2005

No.409-179

Podolsk

on amending the Accounting Policy for the Purposes of Taxation for 2005

In connection with adoption of the Federal Law No. 58-FL as of 6 June 2005, and amendments to Chapter 25 "Profit Tax" of the Tax Code,

I ORDER:

1. To supplement the accounting policy for the purposes of taxation for 2005 with the provisions in accordance with the Application.
2. The provision specified in items 3, 4, 5, shall be applied for the purposes of profit taxation in 2005.

Application:
contains 2 pages.

General Director

Y.I. Trofimov

Dispatched: to deputies general director, to deputies chief engineer and managing director, to heads of all branches, to all services and divisions of the Executive Body.

L.A. Sklyarova
980-12-94

Application
to order of OJSC «Moscow Regional Electric Grid Company»
as of 4 October
2005 No. 409-179

Provision of the accounting policy	Contents of the provision	Grounds	When it comes into effect (when it starts to be applied)
1	2	3	4
1. Amortized property	The organization which received property from the proprietor according to the legislation of the Russian Federation about investment agreements in the field of activity on rendering of municipal services or the legislation of the Russian Federation about concessional agreements, will amortize this property during validity of the investment agreement or concessional agreements.	Item 1, Article 256, RF-TC	Since 15 July 2005
2. Concept of doubtful debt	Doubtful debt is any debts which arose in connection with selling goods, performing works, rendering services in case these debts are not repaid in the term established by the contract. Earlier the doubtful debts were not precisely connected with selling goods (works, services)	Item 1, Article 266, RF-TC	Extends to legal relationships arising since 1 January 2005
3. Peculiarities of definition of charges when selling property and property rights	At definition of tax base, the tax bearer has the right to reduce incomes of selling other property by the price of purchase (creation) of this property	Subitem 2, Article 268, RF-TC	Extends to legal relationships arising since 1 January 2005
	When selling shares (contributions) received by participants (shareholders) at reorganization of the enterprises, the price of purchase of shares (contributions) is determined according to items 4-6 of article 277, RF-TC	Paragraph 2, subitem 2.1, item 1, Article 268, RF-TC	Extends to legal relationships arising since 1 January 2005

	The order of recognition is specified for the purposes of taxation of the loss received at selling of the purchased goods and other property (except for amortized property, securities, products manufactured in-house). Now the loss from selling of purchased (created) property and property rights booked	item 2, Article 268 RF-TC	Extends to legal relationships arising since 1 January 2005
4. Payment of tax to tax isolated divisions	The algorithm of calculation of the share of the isolated division's profit is specified. Thus, average number of employees and residual value of amortized property are determined for the whole reporting (tax) period	Paragraph 3, item 2 Article 288, RF-TC	Extends to legal relationships arising since 1 January 2005
5.Procedure of definition of charges for production and sale	The list of direct charges is cleared. Direct charges now are payments for obligatory pension insurance which are forwarded for financing of insurance and accumulation parts of the labour pension, which were added for the salary of the personnel participating during manufacture of goods (works, services). The tax bearer is provided with the right to independently define the list of the direct charges connected with manufacturing goods (performing works, rendering services) in the accounting policy for the purposes of the taxation	item 1, Article 318, RF-TC	Extends to legal relationships arising since 1 January 2005
	Direct charges are related to charges of the current period in the process of selling products, works, services, in the value of which they were considered, in compliance with Article 319, RF-TC. Besides, it is specified that not only indirect, but also extraordinary charges referred to the current period are fully included in charges booked for the purposes of the taxation. The tax bearers rendering services have the right to refer direct charges of this period to reduction of incomes from manufacture and sale of the given period without distribution to the rests of production-in-process	item 2, Article 318, RF-TC	Extends to legal relationships arising since 1 January 2005

Accounting Policy for the Purposes of Book Keeping of
Open Joint-Stock Company «Moscow Regional Electric Grid Company» for 2006

**OPEN JOINT-STOCK COMPANY
«MOSCOW REGIONAL ELECTRIC GRID COMPANY»**

ORDER

30 December 2005

No.409-353

Moscow

on amending the Accounting Policy for the Purposes of Book Keeping and Taxation for 2006

In connection with amending AR 6/01 "Accounting of the fixed means" and on the basis of the Federal Law No. 58-FL which came into effect on 6 June 2005, Federal Laws No. 117-FL, 118-FL, 119-FL, which came into effect on 22 July 2005

I ORDER:

To introduce since 1 January 2006 the changes and additions to the Regulations for Accounting Policy for the Purposes of Book Keeping and Tax Accounting.

Application: contains 13 pages.

General Director

Y.I. Trofimov

Dispatched: to deputies general director, to heads of all branches, to all services and departments of the Executive Body.

L.A. Sklyarova
980-12-94

**Changes and additions
to the Regulations
for Accounting Policy for the Purposes of Book Keeping
of OJSC «Moscow Regional Electric Grid Company»
for 2006**

Item 3.9 paragraph 4 shall be stated as follows: the Branches applying additionally their internal forms of primary registration documents, approve them by order of the branch's head. These forms are obligatorily coordinated with the chief accountant of OJSC «Moscow Regional Electric Grid Company» (grounds: item 5, Regulations for Book Keeping "Accounting policy of an organization (AR 1/98) approved by the Ministry of Finance of Russia, order No. 34n as of 29 July 1998).

Item 3.10 shall be stated as follows: Rules of document circulation in OJSC «Moscow Regional Electric Grid Company» for the purposes of book keeping and tax accounting, as well as drawing up of the reporting are regulated by the schedule of document circulation. The schedule of document circulation establishes time and volume of presenting primary registration and other documents to the accounts department of the executive body. In 2006 the schedule of the document circulation put into effect since 1 April 2005 in view of the following is to be applied.

OJSC «Moscow Regional Electric Grid Company» applies the following order of intra-economic calculations: Transfer of material assets (fixed assets, equipment, cable products), performance of works and rendering of services by one structural divisions for needs of others is an intra-system turnover and is implemented with use of account 79 "Intra-economic calculations" at the actual cost price without reflection on sales accounts.

Transfer of inventories by one structural division for needs of others is an intra-system turnover and is implemented with use of account 79 "Intra-economic calculations" under the average cost price without reflection of retirement of material assets in sales accounts.

Item 4.2.2, paragraph 1 shall be stated as follows:

Fixed assets are the assets used in production, performance of works or rendering services, for administrative needs or for granting for-a-fee by OJSC «Moscow Regional Electric Grid Company» in temporary possession and use or in temporary use during the time of useful life of above 12 months (grounds: Order No. 147n of the Ministry of Finance of the Russian Federation as of 12 December 2005);

To include the following paragraph:

The fixed assets intended only for granting in temporary possession and use for the purpose of income generation are booked by OJSC «Moscow Regional Electric Grid Company» in the structure of interest-bearing investments into material assets, account 03 "Interest-bearing investments into material assets".

Item 4.2.3 in the second paragraph: the words "having different term of useful life" shall be replaced by the words "the term of useful life of which is essentially different";

Item 4.2.4, the second paragraph shall be deleted;

Item 4.2.8, the first paragraph shall be stated as follows:

The fixed asset objects which were purchased after 1 January 2006 and the value of which does not exceed 10,000 rubles per unit are reflected in book keeping and accounting reports in the structure of inventories in account 10 "Material". In relation to these fixed assets, the forms of primary registration documents for accounting fixed assets are not applied, in particular, No.FA-1 is not drawn up at handover-acceptance of fixed assets; form No. FA-2 is not drawn up when moving objects internally; form No. FA-4 is not drawn up at their retiring; an inventory card of account fixed assets - form No. FA-6 and others - is not drawn up.

For the purposes of safekeeping of these objects at manufacture or operation, OJSC «Moscow Regional Electric Grid Company», a receipt order is kept under form No.M-4, demand-waybill under form No. M-11, card of accounting materials under form No. M-17, etc.

Item 4.4.2. shall be stated as follows:

The inventories are registered for the purposes of book keeping under the actual cost price.

The actual cost price of inventories purchased for a fee is the amount of actual expenses of the organization, except for the value added tax and other compensated taxes (except for the cases stipulated by the legislation of the Russian Federation).

The actual expenses for purchase of inventories are determined in view of sum differences arising prior to accepting stocks to book keeping, in cases when payment is made in the amount equivalent to the amount expressed in a foreign currency (conditional monetary units). After accepting inventories for book keeping, the sum differences arising under settlement of accounts with contract parties and connected with purchase of this stock are related to extraordinary incomes and charges.

The actual expenses for purchase of inventories include:

- The sums paid according to the contract to the supplier (seller);
- The sums, paid to the organizations for the information and consulting services connected with purchase of inventories;
- The customs duties;
- Non-compensated taxes paid in connection with purchase of a unit of inventories;
- The compensations paid to the intermediary organization, through which the inventories were purchased;
- Expenses for preparation and delivery of inventories up to warehouses, including charges for insurance;
- Interests per credits and loans granted by suppliers (commercial credit), prior to booking inventories;
- Interests per borrowed funds, if they are involved for purchase of these stocks, as well as charges for servicing the specified loans and credits, prior to booking inventories;

After booking inventories, the expenses for charging interests for the received credits and loans are reflected in book keeping in the general order with reference to operational charges.

The actual expenses for purchase of inventories do not include common economic and other similar charges, except for cases when they are directly connected with purchase of inventories.

The actual cost price of material assets at their manufacturing is determined by own efforts proceeding from the actual expenses connected with their manufacture.

The actual cost price of the material assets received by the enterprise gratuitously, and of the fixed assets remaining after retirement of fixed assets and other property, is determined proceeding from their current market value for the date of booking. The current market value is understood as the amount of money resources which can be received for selling the specified assets.

The finished goods are a part of inventories intended for sale (an end result of a production cycle, assets completed by processing (complete set), the technical and quality features of which correspond to contract provisions or requirements of other documents in the cases established by the legislation

The finished goods are reflected in balance sheet under the actual industrial cost price including the expenses connected with use during manufacturing fixed assets, raw material, other materials, fuel, energy, manpower and other expenses for production.

The synthetic accounting of finished goods is conducted in account 43 "Finished goods" under the actual industrial cost price.

The analytical book keeping use the accounting prices. The accounting price is the normative cost price.

The difference between the actual cost price and cost of finished goods at the accounting prices is booked in account 43 "Finished goods" in a separate subaccount "Deviations of actual cost price of finished goods from the accounting price".

The finished goods produced for own needs of an enterprise are booked in account 43 "Finished goods".

Transfer of the finished goods produced for own needs of OJSC «Moscow Regional Electric Grid Company» is carried out at the actual industrial cost price.

Grounds: 1. Items 6, 13 and 26 of section II, AR 5/01.

2. Item 59 of Regulations 34n.

3. Item 39 of the order of the Ministry of Finance of Russia as of 28 December 2001 No.

119n.

Item 4.4.3. shall be stated as follows:

Forming of the actual cost price of materials is carried out with application of accounts 15 "Preparation and purchase of material assets" and 16 "Deviation in material assets value"

The account credit 15 "Preparation and purchase of material assets" in correspondence with account 10 "Materials" includes the value of inventories actually received in OJSC «Moscow Regional Electric Grid Company» and debited in the amounts paid according to the contract.

The sum of the difference in the value of purchased inventories estimated in the actual cost price of purchase (preparation) and the prices paid to the supplier according to the contract are written off from account 15 "Preparation and purchase of material assets" and are added to account 16 "Deviation in value of material assets".

The balance under account 15 "Preparation and purchase of material assets" shows presence of inventories on way.

The reserve for depreciation of material assets is not created.

The inventories for non-invoiced deliveries are booked at the prices of the previous delivery with the subsequent specification of the value at receipt of documents. Thus account 60 "Settlement of accounts with suppliers and contractors" is credited to the value of the received values determined at the prices of the previous delivery. At reception of documents from suppliers:

- An additional record for the VAT amount is made, if this tax is stipulated
- If the received documents mismatch the prices of the previous delivery, an additional record for the amount of deviation is regularly made on the debit of account 16 "Deviation in the value of material assets" and the credit of account of settlement with the subsequent write-off from accounts 16 "Deviation in value of material assets".

If settlement documents on non-invoiced deliveries were entered in the following year after presentation of the annual accounting reports:

1. Accounting cost of inventories does not vary;
2. The amount of the value added tax is booked in accordance with the established procedure;
3. The settlement of accounts is specified more exactly with the supplier, thus the amount of the developed difference between the accounting cost of the entered inventories and their actual cost price are written off in a month, in which the documents were received:

- The reduction of the value of inventories is reflected on the debit of accounts of settlements and on the credit of accounts of inventories (as the profit of the past years revealed in the reporting year)
- The increase in the value of inventories is reflected under the credit of accounts of calculations and debit of financial results (as losses of the past years revealed in the reporting year)

Item 4.4.4. shall be stated as follows:

The estimation of inventories (except for cable products) at their supply to the manufacturing process and other retirement is made under the average cost price of the group (kind) of stocks under the branch as a whole by division of the total cost price of the group (kind) of stocks into their quantity, which are developing, accordingly from the cost price and quantity of the balance at the beginning of the month and received stocks within the given month.

The estimation of cable products at writing-off is made at the value of the accounting unit.

The supply of materials to outside parties - to contractors, is made at presence of contracts or agreements.

If in contract of works and labour stipulates transfer of materials to the contractor without payment, the materials are considered as charges of the customer. The value of the materials transferred to contractors as charges of the customer is considered booked in account 10.9 "Materials transferred to outside parties". Subsequently on the basis of the document "Certificate of the Executed Works", the value of materials transferred to the contractor as charges of the customer, and the amount of deviations of the value of these materials are written off to production costs or to account 08 "Capital investments".

The actual cost price of the supply represents the amount of their accounting value and amount of the deviations related to written off resources.

Writing-off deviations with use of account 16 "Deviation in value of material assets" is made in proportion to the value of the spent materials, proceeding from the relation of the amount of the rest of the amount of deviations at the beginning of the month and current deviations for the month to the amount of the rest of materials at the beginning of the month and the received materials for the month. The value received is multiplied by 100; the final value is the percent which should be used at writing-off of deviations to the value of the spent materials.

Two subaccounts are allocated in the accounting reports in account 10 "Materials" in order to control use of overalls:

- Overalls in warehouse;
- Overalls in use (with a breakdown into employees - financially responsible persons).

The term of use is determined on the basis of Typical Sector Norms of free-of-charge provision of employees with special clothes, special footwear and other means of individual protection approved by decisions of the Ministry for Labour and Social Development of the Russian Federation.

The value of special clothes, the term of use of which according to norms of delivery does not exceed 12 months is written off to the debit of the corresponding accounts of registration of expenses for manufacture during the moment of its transfer (provision) to employees of the organization.

The value of special clothes, the term of use of which according to the norms of provision exceeds 12 months is repaid by a linear way, proceeding from the term of useful life of the special clothes, stipulated in typical sector norms of free-of-charge delivery of the special clothes, special footwear and other means of individual protection.

The value of special equipment is repaid by a linear way, proceeding from the actual cost price of object of special equipment and the norms estimated proceeding from the term of useful life of this object.

Charging repayment of the value of special equipment and special clothes is reflected under the debit of accounts of registration of expenses for manufacture and the credit of the accounts "Materials" the subaccount "Special equipment and special clothes in use".

The analytical accounting of special equipment and special clothes being in production (use) is held under the names (nomenclature numbers), quantity and actual cost price, with the specification of the date of receipt in manufacture (use) (month, year), places of use (on divisions) and financially responsible persons.

Supply to employees and delivery of individual protection means to them should be specified in the employee's personal card approved by the decision of the Ministry for Labour work and Social Development of the Russian Federation "On adoption of rules of provision of employees with special clothes, special footwear and other individual protection means" No.51 as of 18 December 1998.

The special clothes given out to employees are the property of the organization and shall be returned: at dismissal, while translating to another position which does not stipulate provision of the special clothes, special footwear and safety adaptations according to the norms, and upon termination of the term of their wearing instead of received new ones.

The procedure of booking goods

The transportation and other charges connected with delivery of goods are included in:

- the structure of actual expenses for purchase of goods in account 41 "Goods" if they are formed up to the moment of their acceptance to book keeping;
- the structure of charges for distribution costs in account 76 "Settlement of accounts with different debtors and creditors" if transportation charges for delivery are formed after their reflecting in the accounting records.

Item 4.13.4. in the second paragraph, the second sentence: "Distribution of indirect charges between objects of calculation is made proportionally to the basic wages of industrial workers" shall be replaced by "Distribution of indirect charges between objects of calculation is made proportionally to direct expenses";

Item 4.13.6. shall be added with the following paragraph:

The automobile tires entering together with the new car or trailer (on wheels and one spare complete set) are included into the value of the car and are considered in the structure of the fixed assets. The tires purchased for replacement of worn out ones are reflected in subaccount 10 4.1 "Spare parts in warehouse".

The tires which were supplied from a warehouse for replacement of the worn out ones, which became unfit for use or for other reasons, for seasonal change ("summer", "winter") and installed on the car are reflected in subaccount 10.4.2 "Automobile tires in operation" of account 10.4 "Spare parts".

The value of automobile tires is repaid lumpsum depending on haul upon termination of the term of operation within the limits of the norms approved by the document "Time norms of operational haul of tires of vehicles" No.RD-3112199-1085-02 approved by the Ministry of Transport of the Russian Federation as of 4 April 2002 in the debit of the corresponding accounts of the registration of expenses. When tires has not haul, the reasons of this are investigated (through the fault of driver, manufacturing plant, etc.), which are reflected in the document Write-off Act.

Item 4.13.7. shall be stated as follows:

Charges for research and development are reflected in accounting given that the following conditions are present:

- The amount of charges can be determined and confirmed;
- There is a documentary confirmation of performance of works (report of handing-over and reception of the works performed, etc.);
- Using the results of works for industrial and (or) administrative needs will lead to reception of the future economic gains (income);

- Use of results of scientific and research, development and technological works can be shown.

If as a result of the made charges for research and development, OJSC «Moscow Regional Electric Grid Company» receives exclusive rights to results of the intellectual activity, the given rights are recognized to be intangible assets which are subject to amortization according to the accounting policy of OJSC "Moscow Regional Electric Grid Company" for 2006.

Estimation of research, development and technological works

The charges for research, development and technological works include all actual charges connected with performance of specified works. The structure of charges when performing research, development and technological works include:

- The value of inventories and services of outside organizations and persons engaged in performance of the specified works;
- Expenses for wages and other payments to the workers directly occupied in performance of specified works under the labour contract;
- Deductions to the social needs (including the uniform social tax)
- Value of special equipment and special tools intended for use as objects of the fixed assets and the immaterial assets used at performance of the specified works;
- Charges for maintenance and operation of scientific and research equipment, installations and constructions, other objects of fixed assets and other property;
- Common economic charges, in case they are directly connected with performance of these works;
- Other costs directly connected with performance of research, development and technological works, including charges for carrying out tests.

The analytical accounting is conducted under each inventory object: executed research, developmental or technological work, the results of which are independently used in manufacture.

Writing-off of charges for research, development and technological works

Charges for scientific, research, developmental, design and technological works are subject to writing-off to charges by usual kinds of activities from the 1st day following after the month, in which actual application of the received results from performance of the specified works was launched in manufacturing products (performing works, rendering services), or for administrative needs.

Writing-off of charges on each object of research and development is made by a linear way.

The term of writing-off of charges on the object of research and development, which gave positive result, is determined by a commission of OJSC «Moscow Regional Electric Grid Company» proceeding from the expected term of use of research and development, during which OJSC «Moscow Regional Electric Grid Company» will receive an economic gain (income), but no more than five years.

Charges for research and development which did not give positive result, and in case of discontinuance of use of the results of works in industrial activity, charges which are not related to charges by usual kinds of activity, are subject to writing-off to extraordinary charges of the reporting period as of the date of decision-making on cessation of research and development works, or the discontinuance of use of the results of these works.

Item 4.13.9. shall be supplemented with the first and second paragraphs containing the following:

production-in-progress includes products or works which did not pass all stages (phases, revisions) stipulated by the technological process, as well as incomplete products, the products which did not pass tests and technical acceptance.

As for the activity "Transmission and distribution of electric energy", the production-in-progress is absent, since electric energy transmission coincides with its selling as to time.

As for other kinds of activity, the estimation of production-in-progress is made under direct charges.

The amount of direct charges is distributed to the rests of production-in-progress in the share calculated as a relation of a gain in production-in-progress regarding direct charges for the reporting (tax) period according to book keeping data to direct charges of the current (tax) period according to book keeping data.

As to the kinds of activity connected with rendering services, the production-in-progress is absent, since all direct charges are in full written off to reduction of incomes of the reporting (tax) period.

The estimation of the rests of finished goods in warehouse is determined as a difference between the amount of direct charges related to the rests of finished goods at the beginning of the current month, increased by the amount of the direct expenses related to the production output in the current month (net of the amount of the direct expenses relating to the rest of the production-in-progress) and the amount of direct expenses related to the shipped products in the current month.

During the accounting period (the accounting period is a month), the supply of finished goods to warehouse, supply of finished goods from warehouse is carried out in quantitative terms.

The value of the finished goods which were supplied to the warehouse, supplied from the warehouse during the accounting period is determined as a difference at close of month.

The value of finished goods supplied to the warehouse is determined as a difference between the amount of the direct charges which were carried out in the current month and the amount of direct charges related to the rests of production-in-progress.

When determining the amount of the direct expenses related to products shipped in the current month, the method of estimation of finished goods at average value is applied.

Chief Accountant

L.A. Sklyarova

Accounting Policy for the Purposes of Taxation of
Open Joint-Stock Company «Moscow Regional Electric Grid Company» for 2006

OPEN JOINT-STOCK COMPANY
«MOSCOW REGIONAL ELECTRIC GRID COMPANY»
ORDER

30 December 2005

No.409-353

Moscow

on amending the Accounting Policy for the Purposes of Book Keeping and Taxation for 2006

In connection with amending AR 6/01 "Accounting of the fixed means" and on the basis of the Federal Law No. 58-FL which came into effect on 6 June 2005, Federal Laws No. 117-FL, 118-FL, 119-FL, which came into effect on 22 July 2005

I ORDER:

To introduce since 1 January 2006 the changes and additions to the Regulations for Accounting Policy for the Purposes of Book Keeping and Tax Accounting.

Application: contains 13 pages.

General Director

Y.I. Trofimov

Dispatched: to deputies general director, to heads of all branches, to all services and departments of the Executive Body.

L.A. Sklyarova
980-12-94

**Application to the order of
OJSC «Moscow Regional Electric Grid Company»
as of «_30_____» ___12_____ 2005 No.409-353_**

**Changes and additions
to the Regulations
for Accounting Policy for the Purposes of Taxation
of OJSC «Moscow Regional Electric Grid Company»
for 2006**

Item 1.6 shall be stated as follows:

At each Tax Office of the Federal Tax Service, of Moscow, Moscow region and other regions of Russia, a responsible branch is appointed for carrying out verification of calculations under personal accounts of OJSC «Moscow Regional Electric Grid Company» on the centralized taxes according to order of OJSC «Moscow Regional Electric Grid Company».

Item 3.1., paragraph 2 shall be stated as follows:

Under the profit tax - it carries out calculation of the tax as a whole on OJSC «Moscow Regional Electric Grid Company», distributes the amount of tax payments between budgets of different levels, presents the summary declaration to tax bodies at location of OJSC «Moscow Regional Electric Grid Company», and declarations to tax bodies at location of the responsible isolated divisions. According to the second paragraph of Item 2 of article 288 of the Tax Code of the Russian Federation (as amended in the Federal Law No.58-FL as of 6 June 2005) since 1 January 2006.

Item 4.2 shall be stated as follows:

For operative cooperating with tax bodies at places, a responsible branch is appointed under order of OJSC «Moscow Regional Electric Grid Company» at each Tax Office of the Federal Tax Service of Moscow, the Moscow region and other regions of Russia.

Item 5.1 shall be stated as follows:

Verification of calculations with budgets is carried out in accordance with the procedure specified by order of the Tax Office of the Federal Tax Service of Russia as of 9 September 2005 SAE-3-01/444 "On adoption of the rules of organization of works with tax bearers, payers of fees, insurance payments on obligatory pension insurance and tax agents".

Regarding confirmation of the incomes received and charges incurred:

1) Item 10.1 shall be added with the paragraph containing the following:

The documentary confirmation of the received incomes is provided not only by primary accounting documents, but also by other documents such as contracts of civil liability, quotations of exchange rates of the Central Bank of the Russian Federation and MICEX, other documents confirming the income (grounds: subitem 2, item 1, article 248, RF-TC);

2) Item 11.3 shall be supplemented with a paragraph containing the following:

The documentary confirmation of the incurred charges is provided by primary accounting documents issued not only according to the legislation of the Russian Federation, but also the documents issued according to the traditions of business conduct applied in the foreign state, in the territory of which the corresponding charges were made, and (or) the documents indirectly confirming the incurred charges (including customs declaration, the on business trip, travel papers, report on performed work according to the contract) (the basis: item 1, Article 252, RF-TC);

The branches applying in addition the internal forms of primary registration documents approve them by order of the head of the branch. The given forms are obligatorily coordinated with the chief accountant OJSC «Moscow Regional Electric Grid Company».

Item 11.5.1:

The first paragraph shall be stated as follows:

For the purposes of the taxation, direct charges are equated to charges which are booked in account 20 "Main manufacture", 23 "Auxiliary manufacture", 25 "Common economic charges" and form the cost price of book keeping. The direct chargers under a specific kind of activity (including charges for labour payment to employees occupied in a specific kind of activity, amortization of the fixed capital used in a specific kind of activity) for the purposes of tax accounting are included in charges under the corresponding kind of activity in accordance with the procedure accepted by OJSC «Moscow Regional Electric Grid Company» for the purposes of book keeping of such charges.

The first sentence of the third paragraph shall be stated as follows: "charges for labour payment to the personnel participating in manufacture of goods, performance of works, rendering services, and the amounts of the uniform social tax and charges for obligatory pension insurance forwarded to financing the insurance and accumulations part of the labour pension charged for the specified amounts of charges for labour payment"

To add the following paragraph:

The charges for labour payment include charges for purchase (manufacturing) of uniform and equipment issued according to the legislation of the Russian Federation to workers free of charge or sold to workers at lowered prices (regarding the value which is not compensated by workers) which remain in

personal constant use by workers. The same order is applied when purchasing or manufacturing by the organization of uniform and footwear which prove which characterize the worker as an employee of this of that organization (grounds: item 5, article 255, RF-TC).

Item 11.5.2. shall be stated as follows: "The direct charges at realization of wholesale and retail trade are:

- *Cost of the purchased goods sold in the reporting (tax) period;*

- Transport charges for delivery of the purchased goods to warehouse of OJSC «Moscow Regional Electric Grid Company» (branches), in case of these charges are not included in the price of purchase of these goods under conditions of contracts.

The amount of direct charges for delivery (transport charges) are distributed between the sold goods to the rests of the non-sold goods which is calculated with use of average percent which is determined as relation of the amount of direct charges and the value of the goods. The amount of the direct costs related to the rest of the non-sold goods is determined as a product of average percent and value of the goods at the end of month (grounds: article 320, RF-TC).

Item 11.14. shall be supplemented with the text containing the following:

The production-in-progress for the purposes of taxation is products (works, services) in the stage of partial readiness, i.e. they did not undergo all of processing (manufacturing) operations stipulated by the technological process. The production-in-progress includes the works and services which were finished, but not accepted by the customer. The rests of outstanding orders of manufactures and the rests of semifinished items of domestic manufacture also refer to production-in-progress. Materials and semifinished items which are in manufacturing process are related to production-in-progress provided that they underwent processing.

Under the activity kind "Electric energy transmission and distribution", the work in progress is absent, since transmission of electric energy coincides with its selling as to time.

Under other kinds of activity, the estimation of production-in-progress is made according to direct charges.

Item 15.2. shall be stated as follows: "The charges for labour payment also include:

- Charges for labour payment of the employees who are not included in the staff of the organization, for performance of works under civil liability contracts.

Item 16.1.1. shall be stated as follows: "Initial value of fixed assets is determined as sum of charges for its purchase, construction, manufacturing, delivery and bringing up to the condition, in which it is fit for use, except for the value added tax and excises (grounds: item 1, article 257)

Item 16.2.1. shall be supplemented with a paragraph containing the following: "Amortized property is capital investments into objects of fixed assets rented out in the form of permanent improvements made with the consent of the lessor (grounds: item 1, article 256, RF-TC).

Item 16.3.8 shall be supplemented with the following paragraph: "When charging the sum of amortization by a linear method, to supplement the structure of charges of the reporting (tax) period with the charges for capital investments in the amount which shall not exceed 10 percent of the initial value of the fixed assets (except for the fixed assets received gratuitously) and (or) charges incurred in cases of completion, additional equipment, upgrade, modernization, partial liquidation of the fixed assets, the amounts of which are determined in conformity with item 257, RF-TC (grounds: item 1.1, article 259, RF-TC).

Item 16.3.12. shall be included which contains the following: Charging of amortization on amortized property in the form of capital investments into objects of rented fixed assets, which is subject to amortization, is performed as follows:

1) the lessor's responsibility of charging begins from the 1st day following after the month, when this property was put into operation, but no earlier than the month, when the lessor compensated the value of the specified capital investments to the lessee;

2) the lessee's responsibility of charging begins from the 1st day following after the month, when this property was put into operation (grounds: item 2, article 259, RF-TC).

Item 19.1.1. shall be supplemented with the following paragraph "Doubtful debt is any debts to the tax bearer, which appeared in connection with selling goods, performing works, rendering services, and in view of observing the conditions stipulated by the norms of chapter 25, RF-TC (grounds: item 1, article 266).

Item 20 shall be supplemented with the following paragraphs: "Charges for capital investments in the amount of 10 percent of the initial value of fixed assets (except for the fixed assets received gratuitously)

and (or) charges incurred in cases of completion, additional equipment, upgrade, modernization, partial liquidation of the fixed assets, are included in the structure of miscellaneous costs of the reporting (tax) period (grounds: item 1, article 259, RF-TC).

Charges for the research and development which gave a positive result are included in the structure of miscellaneous costs in regular intervals within 2 years. The charges, which did not give a positive result, are included in full in the structure of miscellaneous costs within 3 years (grounds: item 2, article 262, RF-TC).

The miscellaneous costs include:

1) the customs duties and the customs charges which are not connected with the purchase value of goods (grounds: subitem 1, item 1, article 264, RF-TC);

2) the services rendered by the extra-departmental guards supervised by the defense bodies of the Ministry of Internal Affairs of Russia (grounds: item 264, RF-TC);

3) charges for maintenance of premises of public catering since these charges are not reflected in the structure of the charges connected with use of service manufacture in conformity with item 275.1, RF-TC) (grounds: subitem 48, item 1, article 264, RF-TC);

4) charges for manufacturing advertising brochures and catalogues containing the information on the goods sold by the organization (grounds: item 4, article 264, RF-TC);

Item 22.2 shall be stated as follows:

Payment of advance payments, and amounts of the tax which are subject to enter the budgets of the constituent entities of the Russian Federation, is performed at the location of OJSC "Moscow Regional Electric Grid Company", and at the location of each responsible isolated division. The amount of the tax which is subject to payment to the budget of the constituent entity of the Russian Federation is determined proceeding from the share of the profit estimated from the aggregate of the isolated divisions' indicators located in the territory of this constituent entity of the Russian Federation.

The profit share in these isolated divisions is determined as arithmetic mean of relative density of average number of employees and relative density of average residual value of amortized property of OJSC "Moscow Regional Electric Grid Company" and the specified isolated divisions for the reporting (tax) period.

Item 23.2 shall be stated as follows: The moment of determination of the tax base under the VAT (except for the conditions stipulated by items 3, 7 11, 13 15, article 167, RF-TC) shall be the earlier of the following dates:

1) day of shipment (transfer) of the goods (works, services), property rights;

2) day of payment, partial payment towards the forthcoming deliveries of goods (performance of works, rendering of services), transfer of property rights.

If the goods are not shipped and are not transported, but the transfer of the property right to these goods takes place, such transfer of the property right for the purposes of the VAT calculation is equated to its shipment (item 167, RF-TC).

The moment of determination of the tax base under the VAT at performing construction and assemblage works for own consumption is the last day of the month of each tax period (item 167, RF-TC).

If the moment of determination of the tax base is the day of payment, partial payment of the forthcoming deliveries of goods (performance of works, rendering of services) or the day of transfer of property rights, the moment of determination of the tax base also appears as of the date of shipment of the goods (performance of works, rendering of services) or as of the day of transfer of property rights towards the earlier received payment and partial payment (item 14, article 167, RF-TC).

Chief Accountant

L.A. Sklyarova