

QUARTERLY REPORT

OF THE JOINT STOCK COMPANY «FEDERAL GRID COMPANY OF THE UNIFIED ENERGY SYSTEM»

Code of the Issuer: 65018-D

For the 1st Quarter of 2008

Location of the issuer: 117630, city of Moscow, Ulitsa Akademika Chelomeya, house 5 A

*The information
contained in the present quarterly report,
is subject to disclosure according to the Russian Federation legislation on securities*

Chairman of the Management Board	_____	A.N.Rappoport
Date «___» May 2008	<i>(signed)</i>	
Chief Accountant	_____	V.V.Schukin
Date «___» May 2008	<i>(signed)</i>	
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Home page(s) in the Internet, where the information contained in the present quarterly report can be read: www.fsk-ees.ru

Hereby we confirm the reliability and completeness of the information contained in the present quarterly report, except for aspects confirmed by the auditor.

The full proprietary company name of the financial adviser on the securities market is: Open Joint Stock Company (OAO) "INVESTITSIONNAYA KOMPANIYA «EVROFINANSY» (EUROFINANCE INVESTMENT COMPANY).

Chartered broker license:

License No. 077-06234-100000;

Date of licensing: September 9th, 2003;

The license has unlimited validity.

Dealer's license:

License No. 077-06242-010000;

Date of licensing: September 9th, 2003;

The license has unlimited validity.

General Director,

OAO «IK «EVROFINANSY» (EUROFINANCE INVESTMENT COMPANY)

A.A.Snezhko

Date «____» May 2008

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INTRODUCTION

The legal basis for the issuer bearing the responsibility to disclose information in the form of a quarterly report, is registration of securities prospectuses (documentary interest-bearing bonds payable to bearers).

The present quarterly report contains estimates and forecasts of the issuer's authorized management bodies in respect of future events and/or actions, prospects of development of the economy branch where the issuer conducts its primary activity, and results of activity of the issuer, including the issuer's plans, probability of occurrence of certain events and performance of certain actions. Investors should not rely on estimates and forecasts of the issuer's management, because actual results of the issuer's activity in the future can differ completely from predicted results, for many reasons. Purchase of securities of the issuer is connected to risks described in the present quarterly report.

I. BRIEF DATA ON PERSONS WHO ARE MEMBERS OF THE ISSUER'S MANAGEMENT BODIES, INFORMATION ABOUT BANK ACCOUNTS, AUDITOR, APPRAISER AND ABOUT THE ISSUER'S FINANCIAL ADVISER, AS WELL AS ABOUT OTHER PERSONS WHO HAVE SIGNED THE QUARTERLY REPORT

1.1. PERSONS WHO ARE MEMBERS OF THE ISSUER'S MANAGEMENT BODIES

Management bodies of Company are:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board;
- The Chairman of the Management Board.

Members of the Board of Directors of JSC «FEDERAL GRID COMPANY OF THE UNIFIED ENERGY SYSTEM» («FGC UES»).

1. *Khristenko Victor Borisovich* - Chairman

Year of birth: **1957**

2. *Askinadze Denis Arkadyevich*

Year of birth: **1957**

3. *Ayuyev Boris Ilyich*

Year of birth: **1957**

4. *Voloshin Alexander Stalyevich*

Year of birth: **1956**

5. *Gref German Oskarovich*

Year of birth: **1964**

6. *Dementyev Andrey Vladimirovich*

Year of birth: **1967**

7. *Medvedev Yuriy Mitrofanovich*

Year of birth: **1965**

8. *Udaltsov Yuriy Arkadyevich*

Year of birth: **1961**

9. *Rashevsky Vladimir Valeryevich*

Year of birth: **1973**

10. *Rappoport Andrey Natanovich*

Year of birth: **1963**

11. *Chubais Anatoly Borisovich*

Year of birth: **1955**

Members of the collegiate management body (Management Board) of JSC FGC UES.

1. Rappoport Andrey Natanovich (Chairman of the Management Board)

Year of birth: **1963**

2. Vasilyev Victor Alekseyevich

Year of birth: **1944**

3. Demin Andrey Alexandrovich

Year of birth: **1974**

4. Kazakov Alexander Ivanovich

Year of birth: **1948**

5. Maslov Alexey Victorovich

Year of birth: **1975**

6. Tuzov Mikhail Yuryevich

Year of birth: **1966**

7. Chistyakov Alexander Nikolayevich

Year of birth: **1973**

The person functioning as the Sole Executive Body of the Issuer:

Rappoport Andrey Natanovich

Year of birth: 1963

1.2. DATA ON THE ISSUER 'S BANK ACCOUNTS

Serial number	Account type	Account number	Name of bank (lending institution)	Bank's INN	Bank's postal address
1	Settlement (current) account	40702810901200000098	OAO "Alfa-Bank" BIC 044525593 corr.acc.30101810200000000593	7728168971	city of Moscow, ul.Kalanchevskaya, d.27
2	Settlement (current) account	42102810802300000220	OAO "Alfa-Bank" BIC 044525593 corr.acc.30101810200000000593	7728168971	city of Moscow, ul.Kalanchevskaya, d.27
3	Settlement (current) account	40702810400000000556	OOO KB "Agropromkredit" BIC 0445252710 corr.acc.30101810500000000710	5026005919	Moscow Region, town of Lytkarino, 5-y mkr, kv.2, d.13
4	Settlement (current) account	40702810138120116293	Lefortovo district branch No.6901 of Russian Sberbank BIC 044525225 corr.acc.30101810400000000225	7707083893	city of Moscow, ul.Vavilova, d.19
5	Settlement (current) account	40702810100050000101	OAO "Vneshtorgbank" BIC 044525187 corr.acc.30101810700000000187	7702070139	city of Moscow, ul. Kuznetskiy Most, d.16
6	Corporate card settlement account	40702810902300000285	OAO "Alfa-Bank" BIC 044525593 corr.acc.30101810200000000593	7728168971	city of Moscow, Leninskiy pr-t, 78
7	Settlement (current) account	40702810038120108301	Lefortovo district branch No.6901 of Russian Sberbank BIC 044525225 corr.acc.30101810400000000225	7707083893	city of Moscow, ul.Vavilova, d.19
8	Settlement (current) account	40702810700000003049	ZAO AB "Gazprombank" BIC 044525823 corr.acc.30101810200000000823	7744001497	city of Moscow, ul. Nametkina, d.16, str. 1
9	Settlement (current) account	40702810100000004371	OAO KB "Petrokommerts" BIC 044525352 corr.acc.30101810700000000352	7707284568	city of Moscow, ul. Petrovka, d.24

10	Settlement (master account)	30214810710000001119	NKO "Raschetnaya palata RTS" (OOO) BIC 044583258 corr.acc. 30103810200000000258	7710298190	city of Moscow ul.Dolgorukovskaya, d.38, str.1
11	Settlement (trading account)	30218810910000001119	NKO "Raschetnaya palata RTS" (OOO) BIC 044583258 corr.acc. 30103810200000000258	7710298190	city of Moscow ul.Dolgorukovskaya, d.38, str.1

1.3. DATA ON THE AUDITOR (AUDITORS) OF THE ISSUER

At the annual general meeting of shareholders of JSC FGC UES which took place on June 29, 2007, the closed JSC ZAO "PricewaterhouseCoopers" was appointed and approved to be the Auditor of the Company for the period until the following annual General Meeting of Shareholders. The above-mentioned auditor conducted independent inspection of business accounting and the financial accounting reporting of the issuer for the year 2007, which was part of the quarterly report.

The complete and the abbreviated proprietary company names of this organization are:

Closed Joint Stock Company ZAO «PricewaterhouseCoopers Audit»

ZAO PricewaterhouseCoopers Audit

Place of business: city of Moscow, 115054, Kosmodamianskaya Naberezhnaya, d.52., str.5.

Phone and fax: Phone (495) 967 6000, fax (495) 967 6001.

E-mail: - natalia.gubareva@ru.pwc.com

Auditor's web-site - <http://www.pwc.com>

Number, date of issue and validity term of the auditor's license, regulatory body that has issued the license:

License for conducting auditing activity – No.E000376, issued by Procedure of the Russian Federation's Finance Ministry No.98 dated May 20th, 2007 for the term of five years starting from the above-mentioned date.

There are no factors which may affect the independence of the auditor from the issuer.

Data on membership of the auditor in collegiate bodies, associations or other professional amalgamations (organizations): the ZAO PricewaterhouseCoopers Audit is a member of the following professional Russian organizations and associations:

Institute of Professional Accountants of Russia (rus: IPBR)

Auditor Chamber of Russia (rus: APR)

Russian Association of Appraisers

Besides, experts of the ZAO PricewaterhouseCoopers Audit participate in activities of the Interdepartmental Commission on Reforming Business accounting and Financial Accounting at the Government of the Russian Federation, in activities of the Methodological Council on Business accounting of the Russian Federation's Finance Ministry, as well as the Commission on Auditor Practice under Council on Auditor Activity of the Russian Federation's Finance Ministry.

The ZAO PricewaterhouseCoopers Audit is a member of some associations of business communities and business associations in Russia, among them are:

- U.S.-Russia Business Council, US-RBC;
- American Chamber of Commerce, AmCham;
- Association of European Businesses;
- Russian Managers Association;
- Mining Advisory Council, MAC;
- Canada Eurasia Russia Business Association, CERBA;
- Cambridge Energy Research Associates, CERA;
- Moscow International Business Association, MIBA;
- Russo-British Chamber of Commerce, RBCC;
- The Russian Union of Industrialists and Businessmen (rus: RSPP).

The fiscal year(s) within which the independent audit of business accounting and financial accounting reporting of the issuer was conducted: 2005, 2006 and 2007.

Procedure for selecting the auditor of the issuer:

It is not obligatory for JSC FGC UES to arrange bidding competitions for selecting auditor organizations to conduct the Company's obligatory annual audits - because of absence of state-owned block of shares equal to 25% and more in the Company's authorized capital - according to item 2 of article 7 in the Federal Law dated 8/7/2001 No.119-FZ «About auditing activity».

According to sub-item 13 of item 10.2. in article 10 of the Company's Charter, the candidacy of the Company's auditor shall be approved by the General Meeting of Shareholders of JSC FGC UES (Board of Directors of JSC RAO «UES of Russia», i.e. "Unified Energy System of the Russian Federation"). According to Order No.72 of JSC RAO «UES of Russia» dated 2/21/2003 «About establishment of commission on audit», selection was done among candidate auditor organizations, which had been recommended by General Meeting of subsidiaries, affiliates and dependent companies (SADC) of JSC RAO «UES of Russia».

There are no special auditor tasks to be carried out by the auditor.

There are no significant material interests connecting the auditor (officials of the auditor) with the issuer (officials of the issuer).

The auditor (officials of the auditor) does not possess any participation share in the authorized capital of JSC FGC UES.

No funds were lent by the issuer to the auditor (officials of the auditor).

There are no close mutual interrelations in business (no participations in promotion of products or services of the issuer, no participation in joint enterprise activity, etc.), there are no family ties or connections between distant relatives.

There are no persons who are simultaneously employees of the issuer and employees of the auditor.

The question of determining the amount of payment for the auditor's services belongs to the competence of Board of Directors of the Company (sub-item 13 of item 15.1. in article 15 of the Charter of JSC FGC UES).

The actual amount of remuneration paid by the issuer to the auditor by results of each fiscal year, in respect of which the auditor conducted independent check of business accounting and financial accounting reporting of the issuer was equal to:

- By results of the audit for 2005 – 9 800 000 Russian Rubles;
- By results of the audit for 2006 – 9 800 000 Russian Rubles;
- By results of the audit for 2007 – 10 974 000 Russian Rubles

No delayed or deferred payments for services rendered by the auditor, are available.

1.4. DATA ON THE APPRAISER OF THE ISSUER

1. Name: ***OOO (LLC) "KO-INVEST"***

Place of business: ***city of Moscow, Ulitsa Akademika Vargi (Academic Varga Street), d.22, kv.20, phone 133-25-31, fax 133-25-98***

License data:

Number of the license: ***000025***

Date of issuance: ***8/6/2001***

Validity period: ***extended up to August 06, 2007***

The authority that issued the license: ***Ministry of Property of Russia***

Information on appraising services rendered by the appraiser: ***services consisting in determining the current (reinstatement) value of permanent assets of the Customer.***

1.5. DATA ON ADVISERS OF THE ISSUER

Data on adviser No.1:

Full company name: ***Open Joint Stock Company "Federalnaya Fondovaya Korporatsiya" (Federal Fund Corporation)***

Abbreviated company name: ***ОАО "ФФК"***

Place of business: ***119034, the Russian Federation, city of Moscow, Ulitsa Ostozhenka, 25***

Phone number: ***(495) 737-86-30***

Fax number: ***(495) 737-86-32***

Web-site used by the financial adviser for disclosing information about the issuer: ***www.fscorp.ru***

Data about licenses (for advisers being professional participants of the securities market):

License of a professional participant of the securities market for engaging in brokerage

Number: ***077-06174-100000***

Date of licensing: ***August 29th, 2003***

Validity period of license: ***unrestricted***

The authority that issued the above-mentioned license: ***Federal Commission on Securities of Russia (FKTsB)***

License of a professional participant of securities market for engaging in dealer's activity

Number: ***077-06178-010000***

Date of licensing: ***August 29th, 2003***

Validity period of license: ***unrestricted***

The authority that issued the above-mentioned license: ***Federal Commission on Securities of Russia***

Services rendered (being rendered) by the adviser:

to assist the Issuer in preparing prospectuses of Bonds of Series 01 and Series 02;

- after appropriate verification and receipt of respective written assurances of the Issuer in respect of reliability and completeness of the information contained in the prospectus for the Bonds, except for aspects confirmed by the auditor and/or the appraiser - to sign the Bonds' prospectus, as well as documentation that may be required by the Issuer for organizing the circulation and, if applicable, for placing bonds with trade institutors;
- to supervise over observance of requirements of federal laws and other normative legal acts, including requirements posed to advertising and to procedure of disclosing information, including monitoring the disclosure of information during issues of securities, as well as monitoring observance of conditions of placing the bonds as stipulated by the bond issue decision;
- after appropriate checks, to sign a report on results of the bond issue;
- to advise on issues connected to preparation of a decision on issue, preparation of prospectus, report on results of bond issue, other documentation connected to issuing and placing Bonds, organizing the circulation of Bonds, as well as on current questions arising during a bond issue;
- to advise on issues connected to preparation of such decisions of the Issuer's management bodies, as accompany the issue and placing of bonds (decision on placing the bonds, approval of a transaction with interest, approval of a major transaction, approval of the decision on issue, approval of the report on results of issue and so forth);
- to render consultations on the Russian legislation concerning issues of corporate bonds and on requirements of the legislation in respect of disclosing information during an issue of securities.

Data on adviser No.2:

Full company name: ***Closed Joint Stock Company "Investitsionnaya Kompaniya «Gorizont» (Investment Company "Horizon")***

Abbreviated company name: ***ЗАО ИК «Горизонт»***

Place of business: ***117884, city of Moscow, Ulitsa Nametkina, d. 16***

Phone number: ***(495) 719-1845***

Fax number: ***(495) 719-8875***

Web-site used for disclosing information about the issuer: ***http://www.horizon.ru***

Number, date of issue and validity period of license for performing professional work on the securities market:

License of a professional participant of the securities market for engaging in brokerage No.177-06458-100000 dated March, 07th, 2003 - no restriction of validity period.

License of a professional participant of the securities market for engaging in dealer's activity No.177-06463-010000 dated March, 07th, 2003 no restriction of validity period.

Authority that has issued the above-mentioned licenses: ***Federal Commission on Securities of Russia***

According to the Agreement, the Financial Adviser undertakes to render the following services to the Issuer:

- assistance to the Issuer in preparation of the prospectus of securities (Bonds of Series 03);
- verification of reliability and completeness of all information contained in the prospectus of securities, except for aspects confirmed by the auditor and/or the appraiser, attestation of the prospectus of securities;
- supervision over observance of requirements of federal laws and other normative legal acts, including requirements posed to advertising and procedures of disclosing the information, including monitoring of disclosure of information at stages of issue of securities, as well as supervision over observance of conditions of placing the bonds stipulated by the decision on bond issue;
- verification of reliability and completeness of all information contained in the report on results of the issue, and attestation of the report on results of the bond issue;
- consultations on issues connected to preparation of a decision on issue, preparation of prospectus, report on results of bond issue, other documentation connected to issuing and placing Bonds, organizing the circulation of Bonds, as well as on current questions arising during a bond issue;
- advising on issues connected to preparation of such decisions of the Issuer's management bodies, as accompany the issue and placing of bonds (decision on placing the bonds, approval of a transaction with interest, approval of a major transaction, approval of the decision on issue, approval of the report on results of issue and so forth);
- consultations on the Russian legislation concerning issues of corporate bonds and on requirements of the legislation in respect of disclosing information during an issue of securities.

Data on adviser No.3:

Full company name: Open Joint Stock Company (OAO) "Investitsionnaya Kompaniya «Evrofinansy» (EUROFINANCE INVESTMENT COMPANY);

Abbreviated company name: OAO «IK «EVROFINANSY»;

Place of business: 119049, city of Moscow, Ulitsa Shabolovka, d. 10, korp. 2;

Phone number: (495) 545-35-35;

Fax number: (495) 644-43-13;

Web-site used for disclosing the information about the issuer: <http://corpfin.eufn.ru/>;

Number, date of issue and validity period of license for performing professional work on the securities market:

License for engaging in brokerage:

License number: 077-06234-100000;

Date of licensing: September 9th, 2003;

Validity period of license: no restriction of validity period;

The authority that issued the above-mentioned license: ***Federal Commission on Securities of Russia***;

License for engaging in dealer's activity:

Number: 077-06242-010000;

Date of licensing: September 9th, 2003;

Validity period of license: no restriction of validity period;

The authority that issued the above-mentioned license: ***Federal Commission on Securities of Russia***.

Services being rendered (already rendered) by the financial adviser:

- preparing and signing of prospectuses of securities as a financial adviser on the securities market;
- organizing the listing of ordinary shares at the MICEX (Moscow Interbank Currency Exchange; rus: MMVB) and/or at the RTS (Russian Trading System Stock Exchange) with inclusion in the quotation list "And";
- preparing and signing the issuer's quarterly reports in the capacity of financial adviser;
- rendering oral and written consultations on issues connected to disclosing the information, supervising over disclosures of information;
- monitoring of financial and economic activities throughout the whole period while any securities issue remains in the I-level quotation list.

1.6. DATA ON OTHER PERSONS WHO HAVE SIGNED THE QUARTERLY REPORT (ADVISERS)

Information on other persons who have signed the quarterly report, but have not been mentioned in the previous items of the present section:

Family name, first name, patronymic: Schukin Vladimir Vasilyevich;

Year of birth: 1955;

The main place of work, and job position at the main place of work: Chief Accountant of JSC FGC UES.

II. BASIC INFORMATION ON THE ISSUER'S FINANCIAL AND ECONOMIC POSITION

2.1. PARAMETERS OF THE ISSUER'S FINANCIAL AND ECONOMIC ACTIVITY.

Dynamic changes in the parameters describing the Issuer's financial position within the last five completed fiscal years, or for each completed fiscal year:

Parameter name	2003	2004	2005	2006	2007
Issuer's net asset worth, in thousands RUR	121 615 232	129 121 058	134 729 239	140 077 982	204 785 566
Funds attracted-to-capital and reserves percentage ratio, in %	1,0	6,5	17,92	53,56	44,85
Short-term debt-to-capital and reserves ratio, in %	1,0	2,6	3,82	32,17	33,62
Debt-service payments coverage ratio, in %	1 009,2	404,3	261,5	130,6*	26,72*
Overdue debt level, in %	-	-	-	-	-
Turnover rate of accounts receivable, in times	4,87	3,49	2,96	2,43	1,43
Portion of dividends in profits, in %	0	0	18,58	32,06	0
Labor productivity, in thousands RUR per capita	1 749,70	2 285,20	2 572,30	2 960,80	2 918,36
Depreciation & amortization-to-business receipts ratio, in %	62,4	51,8	45,76	27,60	27,40

At present, we are implementing procedure of increasing the authorized capital of JSC FGC UES according to the plan of reforming the electric power industry. As a result, the business accounting shows, among other current liabilities, also the floating/recurring debts before the company founders in respect of authorized capital contribution for the 1st quarter of 2007 and 2008 un the amount of 59 084 million Russian Rubles and 67 830 million Russian Rubles accordingly.

Because the above-mentioned indebtedness, after the report about results of an additional share issue has been registered in the Federal Financial Markets Service, will be reformulated as a new part of the authorized capital, then - for a correct assessment of our company's financial position - the amount of current liabilities will be reduced by the amount of the above indebtedness, while the amount of authorized capital will be increased accordingly.

The subsequent analysis is given both as a formal estimate according to business accounting information, and in view of the above-mentioned assumption.

Value of net assets of JSC FGC UES in the 1st quarter of 2008 increased by 63 979 million Russian Rubles according to business accounting, and by 72 724 million Russian Rubles in view of contributions into the Company's authorized capital, compared to the respective parameters for the similar period of 2007. The main growth by 59 084 million rubles has occurred because of an increase in the authorized capital as a result of registration of shares' issue in the Federal Financial Markets Service and due to an increase in an added capital by 4 009 million Russian Rubles as a result of reassessment of permanent assets. The difference between net assets value according to business accounting and according to assessment in view of contributions into the authorized capital in the 1st quarter of 2008 in the amount of 8 745 million Russian Rubles, is equal to the amount of outstanding debt before company founders in respect of contributions into the authorized capital at the JSC FGC UES.

The ratio of the borrowed funds (funds attracted) to the capital and reserves within the 1st quarter of 2008 has decreased by 21.7 % according to a formal assessment based on business accounting and by 19.4 % according to an assessment in view of contributions into the authorized capital, which is considered to be a low level of credit load.

For the sake of comparability of the data, the parameter of debt-service payments coverage for the 1st quarter of 2008 has been calculated for the period from the 2nd quarter of 2007 to

the 1st quarter of 2008, i.e. for 4 previous quarters (in a similar way, this parameter has also been calculated for the 1st quarter of 2007).

Dynamic changes in the parameters characterizing the financial position of the Issuer for the last completed accounting period:

No.	Parameter	Unit of measurement	1 st quarter of the year 2007		1 st quarter of the year 2008	
			Formal assessment on the basis of the accounting data	Assessment in view of contributions into the authorized capital	Formal assessment on the basis of the accounting data	Assessment in view of contributions into the authorized capital
1.	Net asset worth	Millions of RUR	146 939	206 023	210 918	278 747
2.	Funds attracted-to-capital and reserves ratio	%	68.93	20.49	53.97	16.51
3.	Short-term debt-to-capital and reserves ratio	%	48.52	5.93	43.01	8.21
4.	Debt-service payments coverage ratio	%	273.76		26.37	154.02
5.	Overdue debt level	%				
6.	Turnover rate of accounts receivable	times per year	0.47		0.37	
7.	Portion of dividends in profits	%				
8.	Labor productivity	thousands RUR per capita	713		788	
9.	Depreciation & amortization-to-business receipts ratio	%	27.41		27.72	

Formal assessment based on business accounting is inadequate in this case, because in connection with occurrence of indebtedness, among current liabilities, before the company founders in respect of contributions into the authorized capital, the balance sheet information on the amount of necessary payments for the period from the 2nd quarters of 2007 to the 1st quarter of 2008 and for the period from the 2nd quarters of 2006 to the 1st quarter of 2007 is not comparable for the purposes of such analysis. In view of the fact that indebtedness before the company founders in connection with contributions into the authorized capital is actually part of authorized capital, in the 1st quarter of 2008 the parameter of debt-service payments coverage decreases by 43.7% in connection with necessity of settlement, in the end of 2007, of the bonded loan in the amount of 5 billion Russian Rubles. However the above-mentioned parameter still remains at a high level (over 100%), which witnesses about high efficiency of cash flows management in the company.

Reduction in the parameter of the turnover rate of accounts/debts receivable in the 1st quarter of 2008 by 22.3% is connected to growth in the amount of debt receivable, caused by ne-

cessity of making advance payments for work and ordering equipment for implementation of the Company's investment program.

Calculation of parameters was made using a technique recommended by Regulations about disclosing information.

* - At present we are performing procedure of increasing the authorized capital of JSC FGC UES according to the plan of reforming the electric power industry. As a result, the business accounting will show, among other current liabilities, also the floating debt before company founders connected to authorized capital contribution, in the amount of 34 337 800 thousand Russian Rubles (for the year 2006) and 47 404 914 thousand rubles (for 2007).

In view of the fact that the above-mentioned indebtedness will be reformulated as a new part of the authorized capital, then, for an adequate assessment of the company's financial position, it is expedient to consider the above indebtedness a part of the authorized capital.

Analysis of solvency and financial position of the Issuer on the basis of economic analysis of dynamic changes in the demonstrated parameters:

- Value of net assets for 2003-2007 has significantly increased, which positively influences the financial position of the Issuer;
- The funds attracted-to-capital and reserves ratio within the years 2003-2006 tends to grow, except for a slight decline in 2007, compared to 2006;
- The short-term debt-to-capital and reserves ratio within the years 2003-2007 tends to grow;
- The parameter of debt-service payments coverage within the years 2003-2007 tends to decrease.

2.2. MARKET CAPITALIZATION OF THE ISSUER

Information on market capitalization of the issuer is not presented here, because ordinary registered shares of the Issuer have not been admitted to circulation by a trade institutor on the securities market.

2.3. OBLIGATIONS OF THE ISSUER

2.3.1. ACCOUNTS PAYABLE

Structure of accounts payable of the Issuer, with indication of the deadline for fulfillment of obligations by the end of 2007:

Type of accounts payable	Payment maturity period	
	Less than one year	Over one year
Accounts payable before suppliers and contractors, in thousands of rubles	8 572 693	–
including overdue/in arrears, in thousands of rubles	–	X
Accounts payable before the organization's staff, in thousands of rubles	75 287	–
including overdue/in arrears, in thousands of rubles	–	X
Accounts payable before the federal budget and state extra-budgetary funds, in thousands of rubles	185 856	–
including overdue/in arrears, in thousands of rubles	–	X
Credits, in thousands of rubles	107 274	5 000 000
including overdue/in arrears, in thousands of rubles	–	X
Loans, total, in thousands of rubles	7 156 469	18 000 000
including overdue/in arrears, in thousands of rubles	–	X
including loans raised upon bonds, in thousands of rubles	7 000 000	18 000 000
including overdue/in arrears loans raised upon bonds, in thousands of rubles	–	X
Advance payments received, in thousands of rubles	3 732 442	-
Other accounts payable, in thousands of rubles	49 014 720	1 574
including overdue/in arrears, in thousands of rubles	–	X
In total, in thousands of rubles	68 844 741	23 001 574
including total amounts overdue/in arrears, in thousands of rubles	–	X

Structure of accounts payable of the Issuer, with indication of the deadline for fulfillment of obligations by the end of the 1st quarter of 2008:

Type of accounts payable	Payment maturity period	
	Less than one year	Over one year
Accounts payable before suppliers and contractors, in thousands of rubles	7 726 940	–
including overdue/in arrears, in thousands of rubles	1 269	X
Accounts payable before the organization's staff, in thousands of rubles	246 107	–
including overdue/in arrears, in thousands of rubles	–	X
Accounts payable before the federal budget and state extra-budgetary funds, in thousands of rubles	308 295.00	–
including overdue/in arrears, in thousands of rubles	–	X
Credits, in thousands of rubles	99 524.00	5 000 000.00
including overdue/in arrears, in thousands of rubles	–	X
Loans, total, in thousands of rubles	7 623 309.00	18 000 000.00
including overdue/in arrears, in thousands of rubles	–	X
including loans raised upon bonds, in thousands of rubles	7 623 309.00	23 000 000.00
including overdue/in arrears loans raised upon bonds, in thousands of rubles	–	X
Advance payments received, in thousands of rubles	3 732 442	-
Other accounts payable, in thousands of rubles	74 713 177.00	124 137.00
including overdue/in arrears, in thousands of rubles	3 777.00	–
In total, in thousands of rubles	90 717 352.00	23 124 137.00

including total amounts overdue/in arrears, in thousands of rubles	5 046.00	X
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Information on creditors whose credit portion makes up not less than 10 percent of the total amount of accounts payable for 2007:

1. Russian Open Joint Stock Company of Energy and Electrification "UES of Russia", JSC RAO «UES of Russia» – as of 12/31/2007 – RUR 47 404 914 098.34 (promotion of stock, or placing of shares of JSC FGC UES in favour of JSC RAO «UES of Russia»), this portion in the total amount of accounts payable is equal to 76.97%.

Place of business: 119526, city of Moscow, Prospekt Vernadskogo, d. 101, korp. 3;

JSC RAO «UES of Russia» is an affiliated person of the JSC FGC UES.

Share of participation of JSC FGC UES in the authorized capital of JSC RAO «UES of Russia» is 0.00%.

Block portion of ordinary shares of JSC RAO «UES of Russia» belonging to the Open JSC «Federal Grid Company of the Unified Energy System», is 0.00%.

Block portion of participation of JSC RAO «UES of Russia» in the authorized capital of JSC FGC UES is equal to 87.56%.

The portion of ordinary shares of JSC FGC UES belonging to the Open JSC RAO «UES of Russia», constitutes 87.56%.

Until introduction of respective amendments into the Company's Charter, the shares of JSC FGC UES will be deemed to be and registered as accounts payable.

2.3.2. CREDIT HISTORY OF THE ISSUER.

Within the latest period – from 2003 to the 1st quarter of 2008 – no credit agreements or loan contracts that had been valid before or were valid as of the ending date of the 1st quarter of 2008 - with a principal debt amount constituting 5 or more percent of the book value of the Company's assets, have been concluded by the JSC FGC UES.

Within the period from 2003 to the 1st quarter of 2008, the JSC FGC UES has conducted no bond issues, the cumulative nominal value of each of which would be equal to 5 or more percent of the book value of the Issuer's assets.

2.3.3. THE ISSUER'S OBLIGATIONS IN ACCORDANCE WITH SURETY PROVIDED TO THIRD PARTIES.

The total sum of obligations fulfilled and payments made within the 1st quarter of 2008, is equal to 388 109 thousand Russian Rubles.

There are no obligations of the issuer arising from surety provided in the quarter under review to third parties, also in the form of pledge or guarantee, and constituting 5 percent or more of the book value of the issuer's assets within the quarter under review.

2.3.4. OTHER OBLIGATIONS OF THE ISSUER.

There are no agreements, including forward transactions, which have not been mentioned in the balance sheet and which may influence significantly the financial position of JSC FGC UES, its liquidity, sources of financing and conditions of their use, results of activity and expenses.

2.4. THE PURPOSES OF ISSUES AND LINES FOR APPLICATION OF FINANCES OBTAINED AS A RESULT OF PLACING EQUITY SECURITIES.

The main purpose of issuing the additional ordinary shares being placed by way of private offering, is consolidation of installations of the UNEG (Unified National Electric Power Grid) within the limits of one company - JSC FGC UES, as well as an increase of the Russian Federation's ownership share in the authorized capital of the issuer. The finances obtained

from the above-mentioned stock promotion, will be used for providing reliable functioning, enhancing the overall performance of the UNEG (Unified National Electric Power Grid) and for implementation of other activity purposes stipulated by the issuer's Charter.

2.5. RISKS CONNECTED TO PURCHASING EQUITY SECURITIES BEING PLACED (ALREADY PLACED)

Risk factors connected to purchasing placed ordinary registered shares are absent, because according to paragraph 5 of article 8 and the Federal Law No.36-FZ dated 3/26/2003 «About special features of functioning of electric power industry during a transition period, and about introducing amendments into some laws of the Russian Federation, and about recognition of invalidity of some laws of the Russian Federation in connection with adoption of the Federal Law «About electric power industry», alienation of the issuer's shares until the moment when the Russian Federation's participation amounting to not less than 52%, in the issuer's authorized capital has been ensured, is inadmissible.

2.5.1. INDUSTRY BRANCH RISKS

Electric power industry is mostly an infrastructural branch of national economy. The majority of ultimate consumers of this economy branch's produce are located within the territory of the Russian Federation. An insignificant portion of the electric power produced in the branch, is exported. Thus, the predictable and forecast development in the industry will be determined by the overall dynamics of social and economic development of all other branches in Russian economy, by consumption dynamics in the household sector of national economy, and to a certain extent – by climatic (water level fluctuations) and by meteorological (average annual temperatures) conditions in Russia.

In view of the current positive dynamic changes in volumes of industrial production, it would be reasonable to predict an increase, in the near future, in general need for electric power transmitted through networks of the JSC FGC UES.

As regards influence of a possible aggravated or deteriorated situation in the issuer's industry branch on the issuer's activity and on discharge of its obligation in respect of securities. The most significant, in the issuer's opinion, possible changes in the industry branch are contemplated (separately - in the domestic and in the foreign market), as well as presumed actions of the issuer in such cases. For JSC FGC UES, the most significant change in the electric power industry branch is:

Reforming the JSC RAO «UES of Russia». On July 11th, 2001, the Government of the Russian Federation adopted Decree No.526 «About reforming the electric power industry of the Russian Federation» which stipulated the main aspects of the reform. For further development of the document, the Russian Government adopted Instruction No.1040-r, which approved the plan of measures at the first stage of the reform.

Legal bases of implementation of the reform are stipulated in a package of laws adopted in the spring of 2003, and, first of all, in the Russian Federal Law No.35-FZ dated March 26, 2003 «About electric power industry».

The main goals of the whole program of reforms are establishment of an effective competitive market, large-scale attraction of strategic investments for development of the power industry and the country as a whole.

The program of reforming the electric power industry contains the following main steps:

- Re-structuring of the JSC RAO «UES of Russia», complete liberalization of the wholesale energy market, establishment of a competitive retail market,
- Re-structuring of regional electric power companies in accordance with their activity types,
- Creation of the wholesale power generating companies,
- Conveyance of 75% of shares + 1 share of the JSC FGC UES into state ownership.

The above re-structuring is being carried out under supervision of the Russian Federation's Government according to normative legal acts of the Russian Federation and in interaction with the state authorities. Potentially, reforming is a sphere accompanied by a certain risk level, which is whenever possible minimized by coordinating all significant provisions in the field of reforming with decisions adopted by the state.

Risks connected to possible changes in raw material prices, prices for services used by the issuer in its activity (separately - in the domestic and in the foreign market), and their influence on activity of the issuer and discharge of its obligations in respect of securities.

The JSC FGC UES, being an infrastructural organization of the wholesale market, does not participate in production and consumption of electric energy (except for using it for its own needs). In this respect, the main result of its activity is maintaining and servicing the UNEG (Unified National Electric Power Grid) for the purpose of reliable transmission of electric energy, and such maintenance does not depend significantly on using any raw or other materials, which is a characteristic feature of processing industry branches. The forecast of prices for services offered by outside organizations, as well as for equipment and materials used in the activity of JSC FGC UES, does not contain any risk of a major price increase in the near future.

Risks connected to possible changes in prices for products and/or services of the issuer (separately - in the domestic and in the foreign market), and their influence on activity of the issuer and on discharge of its obligation in respect of securities.

The main income of the Issuer is receipt of finances from payments for services consisting in transmission of electric energy along the UNEG. The amount of the tariff for the services is subject to approval by the Federal Tariff Service (Federal Energy Commission of the Russian Federation). Such tariff offers, conforming to the Issuer's financial budget for the subsequent three years (2004-2006), which covered the expenses of the Issuer for fulfillment of functions assigned to it, had been worked out according to Instruction No.1754-r of the Russian Federation's Government dated December 1st, 2003 «About approval of the program of changing the level of state-controlled prices (tariffs) in electric power industry», and were submitted to the Russian Ministry of Economic Development and Trade, the Russian Ministry of Industry and Energy and the Federal Service for Tariffs. The main risk consists in possible adjustments of decisions approved preliminarily by the Russian Government and by the Federal Service for Tariffs in respect of the amount of tariffs for services consisting in transmission of electric energy through the UNEG in the planned volumes and taken into account in the process of calculation the limiting levels of tariffs for electric energy for the years 2005-2006, which would require adjusting significantly the planned expenses, including introducing necessary amendments about expenses into the investment program.

2.5.2. COUNTRY-SPECIFIC AND REGION-SPECIFIC RISKS

The Issuer is registered as a tax payer, and the Issuer carries out its activity throughout all territory of the Russian Federation. Because the electric power industry is an infrastructural economy branch, the Issuer's country-specific risks depend completely on the economic and political situation in the Russian Federation as a whole.

Economy of the Russian Federation still possesses some inherent and characteristic features of a developing market, such as: inconvertibility of the Russian Ruble in most countries of the world, currency exchange regulation, and rather high inflation rate.

The existing Russian legislation on taxation, currency and customs makes it possible to understand and interpret various issues in different ways, and it is also subject to frequent changes.

Political risks

In Russia, changes are continuing in the political, economic and social sphere.

Thus, in March 2008, a new President was elected, in May 2008 a new Government was formed. However, no changes are planned in the course of socio-political development. Accordingly, this will not affect the Issuer's activity negatively.

Being a country with a transition-type economy, Russia has not yet acquired a highly developed infrastructure in business and legislation. Moreover, the Russian Federation's Government has not yet completed reforms aimed at establishment of a stable banking, judicial, taxation, administrative and legislative system.

These risks remain in modern Russian economy, which leads, among other things, to such results as inconvertibility of the national currency abroad, a low level of liquidity in the markets of long-term crediting and investments, and, just as before, a high level of inflation.

Introduction of a state of emergency or large-scale workers' strikes will not render substantial influence on activity of the Issuer, such risks are minimal and improbable.

In case of occurrence of possible military conflicts, the Issuer will bear risks of its permanent assets being forced out of action. However, the chances for military conflicts are also evaluated as improbable.

Economic risks

Economic factors in their overwhelming majority are beyond control of the Issuer. Though tendencies to improvement have manifested themselves in the economic situation, the Russian Federation's economic prospects depend in many respects on the efficiency of economic measures, financial mechanisms and monetary policy of the Government, as well as on developments of fiscal, legal and political systems.

If changing situation in the country affects negatively the activity of the company, the Issuer plans to carry out all possible actions for decreasing influence of such changes on the Company's activity, including: reduction of production costs, cutting expenses, curtailing the investment plans.

Environmental risks

In view of today's activity of the Issuer, environmental risks are connected to fulfillment of investment programs approved by the Board of Directors, in aspects of observance of norms during construction of new electric power substations, renovation of functioning power transmission lines and building new ones.

Technological risks

From the viewpoint of technological risks, the most important ones are factors of big territorial extension of transmission lines through sparsely populated areas and adverse natural effects, sometimes of force-majeure character.

As regards possible effects of adverse natural phenomena, the JSC FGC UES has a respective program of property insurance in respect of overhead transmission lines and electric power substations. This program is financed in full volume by money allocated from tariffs for energy transmission as stipulated by regulating bodies. This circumstance makes it possible to assert with confidence that the above-mentioned risks are minimal from this point of view. The Issuer carries out activity outside the Russian Federation in the aspects of providing transit of electric energy through Eastern Baltic countries and Belarus.

2.5.3. FINANCIAL RISKS

Insignificant fluctuations in the currency exchange rates will not render any noticeable influence on activity of the Issuer. Incomes of the Issuer based on rendering services consisting in transmission of electric power, are generated in rubles. On June 25th, 2003, the Federal Energy Commission of the Russian Federation adopted Resolution 49-e/1 about including the JSC FGC UES into the Register of Subjects of Natural Monopolies in the Fuel and Energy Complex, which are subject to state regulation and supervision, and adopted Resolution 49-e/2 about including the JSC FGC UES into the List of Commercial Organizations - Subjects of Federal Wholesale Elec-

tric Power Market (FOREM). The same Resolution established the tariff for services of JSC FGC UES consisting in transmission of electric power through the Unified National (All-Russian) Electric Power Grid (the UNEG).

As for significant fluctuations in the currency exchange rate, it is possible to remark that, first of all, they will influence the whole Russian economy, thus, indirectly they will affect the Issuer's activity. Since 2003, the Russian Ruble is strengthening compared the US Dollar. There are no predictions of abrupt swings in the exchange rate. Mentions are made of the Issuer's prospective actions in a situation of negative influence of a changing exchange rate and interest rates on activity of the Issuer: considerable fluctuations in the exchange rate can influence the amount of proceeds of the Issuer and an increase in debts receivable.

A factor of economic risk for JSC FGC UES is occurrence of debts receivable in payments for services. The effect of this factor is minimized by using the following measures:

- anticipatory pre-calculation of financial amounts needed for paying for services of JSC FGC UES as part of tariffs for receiving the electric power from a local power supply company when establishing limiting levels for the subsequent period of price regulation;
- natural regional diversification of consumers;
- opportunity to influence the consumers by offering an agreement to join a trade system;

It is necessary to point out in this connection that to the present day, the JSC FGC UES has not resorted to stopping transmission of electric energy as a method of making the company's debtors/defaulters pay for power supplied.

In view of possibility of expanding external borrowings during fulfillment of the investment program of the company, the risk of a change in interest rates may turn out to be more important for the Issuer. The Issuer's investment program is regulated by the Russian Government's Decree which stipulates the sources of financing generated by using both own funds and borrowed funds. The prevailing portion is the internal funds of the Issuer obtained as a result of rendering services consisting in electric power transmission according to established tariffs. The Board of Directors of JSC FGC UES adopted a resolution dated 3/22/2006 approving «Regulations on the procedure of managing the debts receivable by JSC FGC UES.

According to the above-mentioned Regulations, the Management Board of JSC FGC UES gets annually an approved cumulative maximum amount for concluding loan and credit agreements, contracts of pledge and of guarantee. In case of significantly adverse changes in the interest rates, the Issuer will oriented toward attraction of short-term borrowings, and the investment program of the company will be revised. It is stated, how inflation can affect payments according to securities. The document stipulates inflation levels that are critical, in the issuer's opinion. The Regulations determine also presumptive actions of the Issuer aimed at reduction of the above-mentioned risk.

The inflation's influence on economy of Russia (according to Goskomstat of the Russian Federation) is gradually decreasing. In the year 2000, the inflation rate made up 20.2%, in 2001 it was 18.6%, in 2002 - 15.1%, in 2003 - 12.0%, in 2004 - 11.7%, in 2005 - 10.9%, in 2006 - 9.0%, and in 2007 - 11.9%.

According to the Russian Ministry of Economic Development and Trade, in March 2008, the inflation rate in the consumer market was equal to 1.2% (while in March 2007 it was 0.6%). In January-March 2008, the growth of prices was noticeably faster than the last year's dynamics (4.8% against 3.4%).

The growth of prices within the 1st quarter of 2008 equalled 5.7%, which is 2.2 times higher than in the 1st quarter of 2007 (2.6%), however, it was lower than in the 4th quarter of 2007 (6.9%).

It is planned that average wholesale natural gas prices for all categories of consumers in 2008 will increase by 14%.

According to the 'Forecast of Socio-Economic Development of the Russian Federation in 2007', as well as judging by parameters of the forecast for the period until 2009 and the maximum levels of prices (tariffs) for products (services) of subjects of natural monopolies, within the period being forecast, electric energy tariffs for population will grow at higher rates compared to

tariffs for other consumer groups. In 2008, the growth of tariffs will not exceed 11%. According to preliminary estimates, the growth of normal-rate tariffs for ultimate consumers (except population) may constitute 13-15.5% in 2008.

According to Federal State Statistics Service, March 2008 saw a 7.7% reduction in prices for crude oil and petroleum/oil-well gas, in the sphere of production of fuel and energy minerals. Among processing industries, prices grew for several kinds of petroleum products: price for black oil fuel used for ships rose by 22.1%, black oil fuel used for fireboxes - by 11.6%, petroleum bitumen used in construction engineering – by 10.7%, automobile petrol/gasoline - by 9.6%, diesel fuel - by 8.9%.

In electric power production, energy transmission and distribution, we have witnessed a considerable rise in prices for electric power supplied to industrial consumers – by 3.1%, as well as delivered to the population - by 3.0%.

The currently existing rate of inflation does not influence greatly the financial position of the Issuer. In accordance with predicted inflation growth, the inflation should not render considerable influence on ability of the Issuer to make payments in respect of securities. A critical rate of inflation for the Issuer would be a level exceeding 100%. It is stated, what parameters of the Issuer's financial accounting are liable to changes most of all - as a result of influence of the above-mentioned financial risks.

Description is also given of risks, probability of their occurrence and the character of changes in the Issuer's financial reporting: in the reporting, **debts receivable** are exposed to the greatest extent to the above-mentioned risks. Such debts receivable arise from economic inability of counteragents to pay for services of the Issuer.

The probability of occurrence of the above risk is insignificant and is connected to the overall situation in the country, to inflation and to changes in currency exchange rates, as well as their influence on Russian economy as a whole. Deterioration of the economic situation in Russia may also affect growth of expenses of the issuer, which will lead to reduction of profits in case of preservation of the established tariffs. Among rather improbable events, in case of shortage of the company's own sources of financing, there can also be an increase in borrowings for implementation of the developed investment program.

The most positive factor is acceleration of the process of conveyance of electric power grid installations of other proprietors to JSC FGC UES for management. This will make it possible, on the one hand, to increase considerably the product output volume, and, on the other hand, to enhance the production efficiency, improve the corrective and operational maintenance of the electric grids and the investment policy, while attaining also respective large-scale and synergetic effects.

2.5.4. LEGAL RISKS

Change in currency exchange regulation:

Risks connected to changes in the currency exchange regulation, exert weak influence on activity of the Issuer. Prices for the Issuer's services are established in rubles. The currency exchange risks connected to providing transit of electric energy through Eastern Baltic countries and Belarus are minimal, because such expenses constitute a small part in total expenses of the issuer (less than 1 percent). Thus, it is possible to say that influence of this kind of risks on the Issuer is minimal.

In the first quarter of 2008, no changes entailing risks for the Company's activity on home and foreign market, were introduced into the Federal Law dated 12/10/2003 No.173-FZ «About currency regulation and currency exchange supervision».

Changes in taxation legislation:

Russian taxation system is still at a stage of its formation. In many cases the system's establishment consists in a trial-and-error process. Defects of taxation law drafts become clear, as a rule, already after the respective laws have been adopted. The current legislation gets corrected to conform to the existing economic realities with a considerable time lag. Such a state of affairs in-

creases the risks connected to changes of taxation legislation. The aforementioned provisions of this paragraph lead also to another factor increasing taxation risks, which is controversial inconsistency and ambiguity of adopted laws.

Certain provisions of the taxation legislation can be treated and interpreted in different ways. And the understanding of certain legal acts by the Issuer may run counter to interpretation of the same legal acts by taxation authorities. Even, coincidence of viewpoints of the Issuer and taxation authorities at a present moment in time does not guarantee such coincidence in the future. Nevertheless, it is possible to point out some improvement in the field of taxation system. Adoption of Parts 1 and 2 of the taxation code have brought about certain stability in the taxation system. Reduction in the profits/income tax, in the value added tax, is a sign and evidence of gradual liberalization of the currency exchange legislation. An important factor is also the fact that the Issuer has been established and is developing within the framework of the electric power industry reform carried out in the Russian Federation. The factor of great interest of the Russian Federation in successful functioning and development of the Issuer will somehow reduce the Issuer's vulnerability to this kind of risks.

In the first quarter, no changes entailing risks for the Company's activity on foreign and home market, have been introduced into Taxation Legislation.

Changes in rules of customs control and customs duties:

During implementation of the investment program, the Issuer is acquiring equipment of foreign production through contractors. In view of a small and insignificant portion of this kind of equipment in the total amount of capital investments, and taking into account availability of similar products of domestic manufacture in respect of majority of the equipment nomenclature, the risk of changes in customs legislation is considered to be insignificant. Besides, since the equipment is acquired by contractors, the greater part of such risks, in case of their occurrence, will not extend to the Issuer.

Changes in requirements posed to licensing the primary activity of the issuer, or licensing of rights to use the installations whose availability in the turn-over is limited (including natural resources):

As of the date of drawing up the present Report, licensing of activity of the Issuer is regulated by the Federal Law No.128-FZ dated 08.08.2001 in wording dated 12/23/2003 «About licensing of separate types of activity». Licensing of activity consisting in operating electric power grids, is regulated also by the Russian Government's Decree No.637 dated 8/28/2002 in wording of the Russian Government's Decree No.731 dated 10/3/2002 «About licensing of activity in the field of operating electric and thermal power grids, in transportation, storage, processing and sale of petroleum, gas and products of their refining and processing».

The Issuer has been established and is functioning within the framework of a state program of reforming the electric power industry. In view of this circumstance, and taking into account that the Issuer executes all license requirements in time and in full, no difficulties are predicted in prolonging the Issuer's present licenses. The Issuer's vulnerability to this risk can be considered minimal.

Changes in judiciary practice in aspects connected to activity of the Issuer (including issues of licensing) that can negatively affect results of its activity, or affect results of current litigations where the Issuer is participating:

At the moment of drawing up of the report, the Issuer is not participating in litigations that can affect its economic activities significantly. Litigations connected to corporate conflicts, are improbable for the Issuer. Establishment of the Issuer has not been connected to privatization - therefore, probability of occurrence of litigations connected to demands to cancel its results, is absent. The issuer carries out its activity within all the Russian Federation's territory and has no important consumers, judicial proceedings with whom may affect considerably its economic activities. The issuer conducts also activity outside the Russian Federation, providing transit of electric energy through the Eastern Baltic states and the Belarus republic. In view of the fact that im-

plementation of such transit is connected to ensuring the parallel operation of energy supply systems in various other countries, risk of such litigations in this aspect is insignificant.

Possible filing of lawsuits by separate consumers will not render influence on the current activity of the Issuer. In view of the aforesaid, probability of involvement of the Issuer in litigations capable of affecting its activity seriously, is minimal.

2.5.5. RISKS CONNECTED TO ACTIVITY OF THE ISSUER.

The Issuer does not participate and does not plan to participate in litigations, capable of influencing its economic activities considerably. Risks connected to impossibility to prolong validity of the Issuer's licenses are minimal. For substantiation of this opinion of the Issuer, see item 2.5.4.

Risks connected to possible liability of the Issuer for debts of any third parties, are minimal.

Risks connected to possibility of loss of consumers, the turn-over with whom equals 10 percent or more of the total sales proceeds from selling products (works, services) of the issuer, are minimal.

As of 3/31/2008, the Company has had risks connected to possible liability of the Company for debts of third parties, including the affiliates (associated companies) of the issuer in the amount of 386.6 million rubles.

The Company's risks connected to absence of an opportunity to prolong validity of the license of the issuer to conduct its activity, are absent, because the primary activity is not licensed.

Risks connected to possible loss of consumers, are not relevant for the Company, because transmission of electric energy through power grids of the UNEG is an exclusive type of activity.

A considerable risk for the activity of JSC FGC UES remains to be the risk of product and method obsolescence and risk of tear and wear, and then discarding, of the main industrial assets. For preventing negative effects of such factors, «FGC UES» has worked out and approved a respective medium-term investment program, at the Board of Directors. The program makes it possible not only to prevent failures of main equipment of overhead transmission lines and electric power substations according to a program of modernization and reconstruction/ restoration, but also to create the new production assets providing transmission of power of electric stations and reliability of inter-regional power exchanges and contributions of electric energy.

2.5.6. BANKING RISKS.

The issuer is not a credit/lending institution.

III. Detailed information on the issuer

3.1. Issuer's incorporation and development background

3.1.1. Data on issuer's firm name.

The full and abbreviated firm name of the issuer in Russian is *Открытое акционерное общество «Федеральная сетевая компания Единой энергетической системы» (ОАО «ФСК ЕЭС»)*.

The full and abbreviated firm name of the issuer in English is “*Federal Grid Company of Unified Energy System*», *JOINT-STOCK COMPANY (“FGC UES”, JSC)*

The firm name of the issuer has not changed since its incorporation. The firm name of the issuer is not similar to any other legal entity's name.

The issuer's firm name is registered as a trademark (service mark). Registration information: protection certificate of the Russian Federation No 267439 dated 20.04.2004 for trademark (service mark) of JSC FGS UES.

The issuer's firm name is not similar to any other legal entity's name.

3.1.2. Data on Issuer's state registration

State registration certificate number - *21081 series LO-002, number in the register of legal entities - 00/03124*

Issuer's state registration date is *25.06.2002*

The issuer was registered by the **Leningrad region registration board**.

Data on registration in the Unified State Register of Legal Entities registered before July 1, 2002:

primary state registration number: *1024701893336*

registration date (date on which registration was recorded in the register): *20.08.2002*

name of registering authority: **the Inspection of the Ministry of Taxation in Tosnensk district of the Leningrad region**.

3.1.3. Data on issuer's incorporation and development background

FGC UES, JSC has been operating for five years and nine months since the date of its state registration. JSC FGS UES was incorporated for an indefinite period.

Brief description of issuer's incorporation and development background.

In 2001 fundamental decisions were taken on the restructuring of Russia's electric power industry and the reorganization of JSC RAO «UES of Russia». Resolution of the Government of the Russian Federation No 526 dated 11.07.2001 “On restructuring Russia's electric power industry” approved the Mainstreams of restructuring Russia's electric power industry and defined the objectives, goals, fundamental principles of restructuring, an operating procedure for electricity market participants and work management, electricity market pricing characteristics. By Ordinance of the Government of the Russian Federation No 1040-r dated 03.08.2001 an Action plan for the first stage of restructuring Russia's electric power industry was adopted under which key steps of the reform implementation in the course of preliminary works were determined for forming a competitive electricity market.

One of the main objectives of restructuring the electric power industry is a division of the branch into natural monopoly and competitive types of activity. As a result, an organizational division of power generation, transmission, sales of electric power, dispatching control and repair works and services and also non-core types of activity will be achieved.

Within the framework of the restructuring of the electric power industry, the Board of Directors of JSC RAO «UES of Russia» decided to incorporate JSC FGS UES (minutes No 109 dated 25.01.2002). JSC FGS UES was incorporated as a subsidiary company with a 100% share of JSC RAO «UES of Russia» in its share capital.

FGC UES, JSC was incorporated as an entity for managing the unified national (All-Russia) power grid (hereinafter referred to as the UNPG) for the purpose of its preservation and development. The main activities of JSC FGS UES are as follows:

- management of the UNPG;
- services for electric power transmission to wholesale market participants;
- investment activity in the area of the UNPG development;
- maintenance of power grids in proper condition;
- technical supervision of power grid facilities of the Unified Energy System of Russia.

Other information on the Issuer's development may be found in paragraphs 3.4 and 4.5 hereof.

FGC UES, JSC was incorporated to:

- 1) ensure a reliable operation, enhance the operating efficiency and develop the Unified Energy System of the Russian Federation, including isolated electricity systems;
- 2) create conditions for an effective functioning of the wholesale electricity market;
- 3) implement the state policy in the electric power industry;
- 4) carry out an efficient operation and centralized technological power grid control constituting part of the Unified Energy System of Russia;
- 5) operate and develop the telecommunication infrastructure of the electricity market;
- 6) implement the common strategy in the area of investments and capital raising for solving system-wide problems of the development of power grids and the Unified Energy System of Russia;
- 7) develop and implement the scientific and technical policy and introduce new advanced equipment and technologies;
- 8) realize profit.

3.1.4. Contact information

Issuer's place of business: *Akademik Chelomey street 5A, Moscow 117630.*

Place of business of permanently operating issuer's executive body - *Akademik Chelomey street 5A, Moscow 117630.*

Mailing address: *Akademik Chelomey street 5A, Moscow 117630..*

Tel: (495) 710-9503 *Fax:* (495) 710-9655

E-mail: *info@fsk-ees.ru*

Web site where information on the issuer, issued and/or issuable securities is placed: www.fsk-ees.ru.

No special issuer's unit (third party) dealing with issuer's shareholders and investors was established.

3.1.5. Taxpayer identification number

The taxpayer identification number assigned to the issuer by tax authorities is *4716016979*.

3.1.6. Branches and offices of the issuer

Branches and offices of the issuer in accordance with its Articles of association are as follows:

No	Name of branch/office	Place of business	Data of opening	Full name of head	Term of power of attorney
1.	Branch of JSC FGS UES – Centre backbone grids	Tkatskay street 1, Moscow, 105318	26.08.2002	Misrikhanov Misrikhan Shapievich	No 23-08 dated 19.02.2008, term of validity - 3 (three) years
2.	Branch of JSC FGS UES	Kurchatov street	26.08.20	Ageev Valery	No 328-06,

	– North West backbone grids	1, St. Petersburg, 194223	02	Valeryevich	dated 18.12.2006, term of validity - 3 (three) years
3.	Branch of JSC FGS UES – Volga backbone grids	Molodogvardeiskaya street, 226, Samara, 443100	26.08.2002	Streltsov Sergey Viktorovich	No 98-06 dated 16.05.2006, term of validity - 3 (three) years
4.	Branch of JSC FGS UES –South backbone grids	Poselok Inozemtsevo, Zheleznovogsk, pereulok Darnitsky 2	26.08.2002	Dyakov Fedor Alexandrovich	No 298-06, dated 14.11.2006, term of validity - 3 (three) years
5.	Branch of JSC FGS UES –Ural backbone grids	Tolmacheva street 6, Yekaterinburg, 620219	26.08.2002	Lazovsky Pavel Sergeevich	No 90-05, dated 27.05.2005, term of validity -3 (three) года
6.	Branch of JSC FGS UES –Siberia backbone grids	Ada Leonova street 117, Krasnoyarsk, 660099,	26.08.2002	Zilberman Samuil Moiseevich	No 24-08, dated 19.02.2008, term of validity -3 (three) years
7.	Branch of JSC FGS UES –East backbone grids	Dzerjinskovo street 47, Khabarovsk, 680000,	26.08.2002	Smirnov Sergey Georgievich	No 237-06, dated 21.09.2006, term of validity - 3 (three) years
8.	Branch of JSC FGS UES –Nizhny Novgorod backbone grid plant	Shlisselburg street 29, Nizhny Novgorod, 603600,	14.10.2004	Kulikov Alexander Leonidovich	No 46-08, dated 04.03.2008, term of validity until 18.02.2011
9.	Branch of JSC FGS UES –Chernozem backbone grid plant	Garazhnaya street 1, Kursk, 305026,	14.10.2004	Zhdanovsky Mikhail Mikhailovich	No 44-08, dated 04.03.2008, term of validity until 18.02.2011
10.	Branch of JSC FGS UES –Volgo-Osk backbone grid plant	Egergetikov street 31, poselok Energetikov, Vladimir, 600902	14.10.2004	Zotov Igor Anatolyevich	No 48-08, dated 04.03.2008, term of validity until 18.02.2011
11.	Branch of JSC FGS UES –Volgo-Don backbone grid plant	Lenin prospect 221a, Volgograd, 400006	14.10.2004	Shurygin Vladimir Nikolaevich	No 53-08, dated 04.03.2008, term of validity until 18.02.2011
12.	Branch of JSC FGS UES –Volgograd backbone grid plant	Planernay street 18, Vologda, 160023	25.04.2003	Golubev Vladimir Fedorovich	No 47-08, dated 04.03.2008, term of validity until 18.02.2011
13.	Branch of JSC FGS UES –Prioksk backbone grid plant	Timiryazev street 101A, Tula, 300012	14.10.2004	Rudnev Sergey Nikolaevich	No 52-02, dated 04.03.2008, term of validity until 18.02.2011
14.	Branch of JSC FGS UES –Moscow backbone grid plant	Beliy Rast, Dmitrovsky district, Moscow region,	25.04.2003	Kikov Oleg Medjidovich	No 49-08, dated 04.03.2008, term of validity

		141870, 750 KV			until 18.02.2011
15.	Branch of JSC FGS UES –Verkhne-Donskoye backbone grid plant	Poselok Komso-molets, Tambob district, Tambov region, 392543,	14.10.2004	Ivanov Yuri Danilovich	No 51-08, dated 04.03.2008, term of validity until 18.02.2011
16.	Branch of JSC FGS UES –Valdai backbone grid plant	Prospect Kalinina 55, Tver, 170001,	14.10.2004	Nagaitsev Alexander Stepanovich	No 45-08, dated 04.03.2008, term of validity until 18.02.2011
17.	Branch of JSC FGS UES –Amursk backbone grid plant	Shatkovskogo street 101, Svododny, Amursk region, 676400	25.04.2003	Denisko Vladimir Ivanovich	No 20/182, dated 16.10.2006, term of validity until 20.09.2009
18.	Branch of JSC FGS UES –Khabarovsk backbone grid plant	Tselinnaya street 3, Khabarovsk territory, Kha-barovsk, 680032	25.04.2003	Loboda Alex-ander Vladi-mirovich	No 20/1165, dated 30.06.2006, term of validity until 06.03.2009
19.	Branch of JSC FGS UES –Primorsk backbone grid plant	Mordovtsev street 3, Primorsky ter-ritory, Vladi-vostok, 690000	25.04.2003	Ivanov Sergey Grigoryevich	No 20/181, dated 16.10.2006, term of validity until 20.09.2009
20.	Branch of JSC FGS UES –Krasnoyarsk backbone grid plant	Tomskaya street 4a, Krasnoyarsk, 660013	25.04.2003	Kruglov Yuri Nikolaevich	Unnumbered, dated 11.03.2008, term of validity until 19.02.2011
21.	Branch of JSC FGS UES –Trans Baikal backbone grid plant	Sakhyanova street 5, Republic of Buryatia, Ulan-Ude, 670047	25.04.2003	Zubarev Ni-kolay Mik-hailovich	Unnumbered, dated 11.03.2008, term of validity until 19.02.2011
22.	Branch of JSC FGS UES –Kuzbass backbone grid plant	Kirchanova street 25a, Kemerovo, 650004	25.04.2003	Kochetov Alexei Vladimirovich	Unnumbered, dated 11.03.2008, term of validity until 19.02.2011
23.	Branch of JSC FGS UES –Omsk backbone grid plant	Prospect Gubkina 4, Omsk, 644035,	25.04.2003	Chikharin Anatoly Mik-hailovich	Unnumbered, dated 11.03.2008, term of validity until 19.02.2011
24.	Branch of JSC FGS UES –West Siberian backbone grid plant	Prospect Kalilina 17, Barnaul, 656002	25.04.2003	Pavlov Valery Alexan-drovich	Unnumbered, dated 11.03.2008, term of validity until 19.02.2011
25.	Branch of JSC FGS UES –Khakassia backbone grid plant	Industrialnya street 39, Sayanogorsk, Re-	25.04.2003	Taskin Vladimir Ivanovich	Unnumbered, dated 11.03.2008,

		public of Khakassia, 662793			term of validity until 19.02.2011
26.	Branch of JSC FGS UES –Sverdlovsk backbone grid plant	Pereulok Malakhitovy 3, Yekaterinburg, Sverlovsk region, 620085	25.04.2003	Neganov Viktor Vasilyevich	No 59, dated 03.08.2005 term of validity until 27.05.2008
27	Branch of JSC FGS UES –South-Ural backbone grid plant	Zapadny proezd street 2, Chelyabinsk, 454008	25.04.2003	Kurzhumov Valery Anatolyevich	No 137, dated 09.01.2008 term of validity until 27.05.2008
28.	Branch of JSC FGS UES –Perm backbone grid plant	Visherskaya street 34, Perm region, Perm, 614058	25.04.2003	Kufeld Vladimir Davidovich	No 103, dated 10.10.2006 term of validity until 27.05.2008
29.	Branch of JSC FGS UES –Middle Volga backbone grid plant	Stankostroitelei street 2, Zavyazhsky district, Ulyanovsk, 432945	25.04.2003	Ivashechkin Konstantin Konstantinovich	No 61, dated 19.05.2006, term of validity until 01.05.2009
30.	Branch of JSC FGS UES –Nizhny Volga backbone grid plant	Sokolovaya gora street 40, Saratov, 410038	25.04.2003	Budyak Nikolay Petrovich	No 59, dated 19.05.2006, term of validity until 01.05.2009
31.	Branch of JSC FGS UES –Stavropol backbone grid plant	Industrial zone of food processing plants, Zeleznovodsk, Stavropol territory, 357400,	25.04.2003	Perkov Anatoly Gerasimovich	Dated 20.11.2006 , term of validity until 14.11.2009
32.	Branch of JSC FGS UES –Kuban backbone grid plant	Tramvainaya street 5, Krasnodar, 350021	25.04.2003	Timchenko Anatoly Nikolaevich	Unnumbered, dated 21.06.2007, term of validity until 14.11.2009
33.	Branch of JSC FGS UES –Rostov backbone grid plant	Poselok Salovsky, Volgodonsky district, Postov region, 347349	25.04.2003	Koledin Viktor Nikolaevich	Dated 20.11.2006 , term of validity until 14.11.2009
34.	Branch of JSC FGS UES –Bryansk backbone grid plant	Novobryanskaya street, poselok Vygonichi, Bryansk region, 243360	25.04.2003	Kolotukhin Anatoly Alexandrovich	Unnumbered, dated 16.01.2007, term of validity until 18.12.2009
35.	Branch of JSC FGS UES –Vyborg backbone grid plant	Poselok Perovo, Vyborgsk district, Leningrad region, 188932	25.04.2003	Zezelev Vladimir Alexandrovich	Unnumbered, dated 16.01.2007, term of validity until 18.12.2009
36.	Branch of JSC FGS UES –Novgorod backbone grid plant	Velikaya street 10, Veliky Novgorod, 173001	25.04.2003	Naidrov Sergey Yuryevich	Unnumbered, dated 16.01.2007, term of validity until 18.12.2009

37.	Branch of JSC FGS UES –Karelia backbone grid plant	Pereulok Veteri- narny 11, Petro- zavodsk, Repub- lic of Karelia, 185013	25.04.20 03	Nekrasov Yuri Mik- hailovich	Unnumbered, dated 16.01.2007, term of validity until 18.12.2009
38.	Branch of JSC FGS UES –Specialized production base Belyi Rast	PS 750 “Belyi Rast”, Belyi Rast, Dmitrovsky dis- trict, Moscow re- gion, 141870	25.04.20 03	Acting director Kirkov Oleg Medjidovich	Unnumbered, dated 22.02.2006, term of validity until 17.03.2008
39.	Branch of JSC FGS UES –West Siberian backbone grid plant	Universitetskaya street 4, Surgut, Khanty-Mansiysk autonomous dis- trict, Tumen re- gion, Russia, 628406	12.05.20 05	Solodyan Alexander Sergeevich	No 162-05 dated 10.08.2005, term of validity - 3 (three) years
40.	Branch of JSC FGS UES –Leningrad backbone grid plant	Kurchatov street 1, St. Petersburg 194223	16.06.20 06	Vyatkin Boris Mikhailovich	Unnumbered, dated 16.01.2007, term of validity until 18.12.2009
41.	Branch of JSC FGS UES –Tomsk backbone grid plant	Energeticheskaya street 1, Tomsk, 634062	16.06.20 06	Karmanov Yuri Mik- hailovich	Unnumbered, dated 11.03.2008, term of validity until 19.02.2011
42.	Branch of JSC FGS UES –Kaspiysk backbone grid plant	Dakhadaev street 73a, Makhach- kala, Republic of Dagestan, 367012	23.08.20 06	Alizhanov Khabibula Devletgereev- vich	Dated 20.11.2006 , term of validity until 14.11.2009
43.	Branch of JSC FGS UES –Ural motor transport backbone grid plant	Tolmachev street 5, Yekaterinburg, 620041	16.11.20 06	Pavluk Viktor Petrovich	No 105dated 20.11.2006, term of validity until 27.05.2008
44.	Branch of JSC FGS UES –North-West motor transport backbone grid plant	Kurchatov street 1, St. Petersburg, 194223	16.11.20 06	Gordienko Vitaly Pav- lovich	Unnumbered, dated 16.01.2007, term of validity until 18.12.2009

3.2. Issuer’s primary business activity

3.2.1. Issuer’s branch affiliation

Issuer’s primary branch activity codes under the All-Russia Classifier of Economic Activities:
40.10.2, 51.70, 74.13.1, 74.14, 80.42, 63.12.

3.2.2. Issuer's primary business activity

Basic types of products (works, services) for 2007 and I quarter of 2008

Name of index	2007	I quarter of 2008
Type of business activity: power transmission services		
Volume of proceeds from this type of activity, thousand rubles.	59 512 705	16 411 335
Volume of proceeds from this type of activity in the total volume of proceeds, %	96,90	98,32

Issuer's general cost structure for the last completed fiscal year and for the last completed reporting period under the said items of the total cost, %:

Name of cost item	2007	IQ 2008
Raw materials and other materials, %	2,87%	1,45%
Acquired component parts, semi-finished products, %	-	-
Production works and services performed by outside companies, %	11,97%	4,99%
Fuel, %	0,49%	0,48%
Energy, %	0,09%	0,22%
Labour costs, %	12,53%	13,08%
Interest on credit, %	-	-
Lease payment, %	9,7%	10,36%
Fringe benefit expenses, %	2,53%	3,30%
Depreciation of fixed assets, %	32%	35,66%
Taxes included in production costs, %	0,01%	0,01%
Miscellaneous expenses, %	27,79%	0,01%
depreciation of intangible assets, %	0,01%	0%
remuneration for innovation proposals, %	-	-
compulsory insurance payments, %	0,02%	0,03%
entertainment costs, %	0,01%	0,01%
other, %	27,77%	30,40%
total: costs of production and sales of products (works, services) (prime cost), %	100 %	100 %
Proceeds from sales of products (works, services), % of prime cost	118,77%	131,26%

New types of products (works, services) are not offered by the Issuer in its primary activity market.

The statutory accounting reports and calculations reflected in this paragraph of the quarterly report are prepared in accordance with the Russian accounting standards (regulations).

In preparing the accounting indexes the Company was governed by:

1. Regulation on accounting and reporting adopted by Resolution of the Ministry of Finance of the Russian Federation No 34n dated 29.07. 1998.
2. Regulation on accounting "Accounting Reports and Accounting Regulations 4/99" adopted by Resolution of the Ministry of Finance of the Russian Federation No 43 n dated 6 July 1999.
3. Resolution of the Ministry of Finance of the Russian Federation No 67n dated 22 July 2003 "On forms of accounting reports".

3.2.3. Materials, commodities (raw materials) and issuer's suppliers

Names and places of business of issuer's suppliers whose share is not less than 10% of all deliveries of materials and commodities (raw materials) and their shares in the total volume of deliveries for 2007 and I quarter of 2008.

Name	Place of business	Share in the total volume of deliveries, works, services	
		in 2007	in I quarter of 2008
JSC "Sevzapelektrosetstroy"	Nevsky prospect 111/3, St. Petersburg. Tel. (812) 431-99-97 Fax: (812) 431-99-87 Web site: www.szess.ru E-mail: szess@szess.ru	15 %	
JSC "Energo Engineering Center"	Vereyskaya street 29, building 134, office 51,52,53, Moscow, 121357. Tel. 221-52-76 (77) Fax 221-52-71 Web site: www.ec-energo.ru	20 %	12%
CJSC Engineering Construction Company "Soyuz-Seti"	Neglinnaya street 18/1, building 1A, Moscow, 107031 Tel. 232-20-44		11 %
LLC "New Engineering Company"	Nevsky prospect 111/3, St. Petersburg, 191036 Tel. (812) 493-22-89		12 %

Information on changes in prices for basic materials and commodities (raw materials) or absence of such changes for I quarter of 2008 against I quarter of 2007:

In 2007 prices for separate types of electrical equipment on average increased by 20-25% and construction materials on average by 30% and more (separate groups).

There were no such changes in prices in I quarter of 2008.

The import constitutes a share in deliveries of materials and commodities to the issue. Issuer's forecasts on availability of such sources in future and potential alternative sources are as follows:

For 2007 and I quarter of 2008 a share of import of purchased goods and equipment reached up to 50%.

The availability of such sources for the next reporting period is retained and extended thanks to the emergence of the following alternative sources:

- JSC "ABB Electroengineering", JSC "Elektrozavod", LLC Siemens are expanding their production by opening factories in the territory of the Russian Federation.
- entrance of the Company to the Chinese and Indian equipment and materials market.

3.2.4. Issuer's market outlets (works, services)

The primary activity of JSC FGS UES in the Russian electricity market is performing electric power transmission services to users through the Unified National (All-Russia) Power Grid (UNPG).

Due to the fact that in accordance with the legislation of the Russian Federation the activity of JSC FGS UES for electric power transmission services is monopoly and presently there are no competitors for JSC FGS UES in the Russian electric power transmission market, therefore the market share is 100%.

The cost of services of JSC FGS UES for electric power transmission through the Unified National (All-Russia) Power Grid (UNPG) is determined by applicable rates set by the Federal

Tariff Service (FTS of Russia) and the Ministry of Industry and Energy of the Russian Federation (Minpromenergo).

Pursuant to Russian Federation Government Resolution No 861 dated 27.12.2004 “Electric power transmission services are performed by a grid company under a paid services agreement for electric power transmission to persons having proprietary rights or any other legal rights to energy receiving facilities and other electric power facilities, technologically connected to electric networks subject to applicable regulations and to wholesale electricity market entities exporting (importing) electric power, electric power sales entities and guaranteeing suppliers”. Based on the results of the first quarter, JSC FGS UES included 95 contracting parties connected to the UNPG.

Key contracting parties of JSC FGS UES for electric power transmission services through the UNPG in I quarter of 2008.

№	Name	Share in the total proceeds of JSC FGS UES in I quarter of 2008, %
1	Tumenenergo	11,4
2	Moscow united grid company	7,2
3	Sverdlovskenergo	5,1
4	Krasnoyarskenergo	4,8
5	Lenenergo	4,7
6	Volzhskaya interregional company	4,4
7	Kuzbassenergo	3,7
8	Far East distribution grid company	3,7
9	Chelyabinskenergo	3,0
10	Kubanenergo	3,0

Potential factors which may have a negative impact on issuer’s sales of products (works, services):

- nonpayment risks – increase in accounts receivable from contracting parties of JSC FGS UES for electric power transmission services through the UNPG;
- risk of non-recognition by a user of all volume of services performed – decrease in gross proceeds and profit of JSC FGS UES for electric power transmission services through the UNPG.

3.2.5. Information on issuer’s licenses

No	Type of licensable activity	Number of licence	Date of issue	Term of validity	Authority issuing licence
1	Construction of buildings and structures of I and II levels of responsibility in accordance with the State Standard	D 610852	12.09.2005	12.09.2010	Federal agency for construction and housing maintenance and utilities
2	Telematics communication services	38380	27.01.2006	27.01.2011	Federal Communications Oversight Service
3	Communication channels services	40122	11.04.2006	11.04.2011	Federal Communications Oversight Service
4	Local telephone services, except local telephone services with the use of coin-box telephones and multiple access devices	40123	11.04.2006	11.04.2011	Federal Communications Oversight Service

5	Activities and/or services for protecting secret state information	B 358219, registration No 2492	20.09.2006	20.09.2011	Centre for licensing, certification and protection of state secrets of the Federal Security Service of Russia
6	Structural engineering of I and II levels of responsibility in accordance with the State Standard	AD 817400	26.02.2007	12.09.2010	Federal agency for construction and housing maintenance and utilities
7	Local telephone services, except local telephone services with the use of coin-box telephones and multiple access devices	52843	18.09.2007	18.09.2012	Federal Mass Communications, Communications and Cultural Heritage Protection Oversight Service
8	Telematics communication services	52844	18.09.2007	18.09.2012	Federal Mass Communications, Communications and Cultural Heritage Protection Oversight Service
9	Communication channels services	52845	18.09.2007	18.09.2012	Federal Mass Communications, Communications and Cultural Heritage Protection Oversight Service
10	Measuring instruments repair work	004051-R	23.10.2007	23.10.2012	Federal Technical Regulation and Metrology Agency
11	Activities and/or services for protecting secret state information	GT No 0003213, registration No 2846	29.11.2007	20.09.2011	Centre for licensing, certification and protection of state secrets of the Federal Security Service of Russia
12	Fire-extinguishing activities	1/12919	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
13	Fire-extinguishing activities	1/12920	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
14	Fire-extinguishing activities	1/12921	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Recti-

					fication of the Consequences of Natural Disasters
15	Fire-extinguishing activities	1/12922	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
16	Fire-extinguishing activities	1/12923	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
17	Fire-extinguishing activities	1/12924	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
18	Fire-extinguishing activities	1/12925	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
19	Fire-extinguishing activities	1/12926	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
20	Installation, repair and maintenance of fire prevention means of buildings and structures	2/23056	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
21	Installation, repair and maintenance of fire prevention means of buildings and structures	2/23066	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
22	Installation, repair and maintenance of fire prevention means of buildings and structures	2/23067	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situa-

					tions and the Rectification of the Consequences of Natural Disasters
23	Installation, repair and maintenance of fire prevention means of buildings and structures	2/23068	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
24	Installation, repair and maintenance of fire prevention means of buildings and structures	2/23069	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
25	Installation, repair and maintenance of fire prevention means of buildings and structures	2/23077	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters
26	Installation, repair and maintenance of fire prevention means of buildings and structures	2/23078	29.12.2007	29.12.2012	Ministry of the Russian Federation for Civil Defence, Emergency Situations and the Rectification of the Consequences of Natural Disasters

3.2.6. Issuer's joint activity

FGC UES, JSC is not involved in any joint activity with other entities.

3.2.7. Additional requirements for issuers being joint-stock investment funds, insurance or lending agency.

The issuer is not a joint-stock investment fund, insurance or lending agency, mortgage agent.

3.2.8. Additional requirements for issuers whose primary activity is mining operations.

The issuer is not involved in mining operations.

3.2.9. Additional requirements for issuers whose primary activity is rendering of communication services

The issuer does not render any communication services.

3.3. Issuer's future action plans

Brief description of Issuer's future action plans

Once in five years JSC FGS UES works out a Development Strategy of the Unified National Power Grid (UNPG) for a ten year period. The primary document for the Strategy is a development Concept of the Unified National Power Grid in which the major problems of the power grid development have been identified and conceptual improvements of operation and a sustainable development of the Unified National Power Grid have been worked out. The main research studies and design institutes of the branch and the leading organizations of the Academy of Sciences involved in the electric power industry work on the Strategy.

To develop the UNPG Strategy a wide range of documents is used. They include applicable laws governing the activity in the electric power industry, legislative and statutory acts of the Government of the Russian Federation, resolutions of the Boards of Directors and Management Boards of JSC RAO «UES of Russia» and JSC FGS UES and also social and economic documents approved at various administrative levels. Works on a perspective development of the electric power industry and studies on the main directions of the scientific and technical progress in the branch are underway.

At present the Strategy defines five main purpose-oriented directions of the UNPG Strategy:

- in the area of electric power industry,
- in the fuel and energy complex,
- in ecology,
- in politics and in the area of geopolitical interests.

To achieve the key development objectives of JSC FGS UES a number of strategic tasks are being carried out. Among the most important is reforming the electric power grid complex, ensuring a reliable technological operation and development of the UNPG, capital development management, scientific and technical support to the UNPG development and efficient operation, corporate governance and a legal support to the UNPG operation.

The priority directions of the UNPG Development Strategy:

- works on reconstruction and a technical retooling of power grids to ensure a reliable and efficient operation of the UNPG on the basis of new electric power grid technologies and modern equipment technically corresponding to the best foreign models. It is planned to introduce advanced power grid technologies (mostly flexible alternating current transmission systems (FACTS), electric energy storage units, the use of “high temperature” and “low temperature” super conductivity, fully automatic electric power substations with a remote-controlled switching unit, power transformers highly resistant to short-circuit currents, SF6 circuit breakers, SF6 switch gears and control gears and others).

- investment planning process at a corporate level managed by JSC FGS UES (including by arranging an effective cooperation with regulatory bodies and other government authorities responsible for a strategic planning in controllable branches (Ministry of Economic Development and Trade, Ministry of Industry and Energy and others)).

The main tasks of JSC FGS UES in terms of future activity are as follows:

- to complete forming the property complex of the Interregional Backbone Grid Companies;
- to co-ordinate founding distribution companies on the basis of property of AO-Energo and take measures for interregional integration of the distribution grid companies by founding holdings of the Interregional Distribution Grid Companies;
- to ensure financing the activity of JSC FGS UES on account of its own tariff covering the expenses of JSC FGS UES for managing electric power facilities relating to the UNPG and transferable to the Interregional Backbone Grid Companies.

Brief description of Issuer’s plans with respect to sources of future incomes:

The issuer plans that the main source of future incomes will be proceeds from electric power transmission services.

Brief description of plans relating to a new production, expansion or curtailment of production, development of new types of products, reequipment and reconstruction of fixed assets, potential changes in the primary activity:

The said plans are described above by the issuer.

No change in the primary activity is planned.

3.4. Issuer's participation in industrial, banking and financial groups, holdings, group of companies and associations

The issuer does not participate in any industrial, banking and financial groups, holdings, group of companies and associations.

3.5. Subsidiary and related companies.

Information on issuer's subsidiary and related companies:

Full and abbreviated firm names	Open joint-stock company "Nurenergo", JSC "Nurenergo"
Place of business	Staropromyslovskoye shosse 6, Chechen Republic, Grozhny, Russian Federation
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer's share in the share capital of the subsidiary and/or related company	77,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	77,00%
Share of the subsidiary and/or related company in the issuer's share capital	nil
Fraction of issuer's ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	<ul style="list-style-type: none"> - supply (sales) of electric and heat energy at applicable rates according to electric and heat load dispatch schedules; - acquisition (purchase) of electric energy from the wholesale electricity market; - acquisition (purchase)of heat and electric energy from their producers; - electric and heat generation; - electric power and heat transmission; - dispatching and compliance with energy saving and energy consumption.
Description of the company importance for the issuer activity	FGC UES, JSC is financing recovery works of the electric power grid complex in the Republic of Chechnia. In accordance with co-operation agreement between the Republic of Chechnia, JSC RAO «UES of Russia» and JSC Nurenergo No 05-07 dated 13.08.2007, the latter was assigned to perform such works, however on 14.12.2007 JSC FGS UES made a technical customer employment contract with JSC Backbone Grid Company of North Caucasus (management company of JSC Nurenergo). Under this contract works are performed by JSC Backbone Grid Company of North Caucasus on account of JSC FGS UES with a subsequent transfer of the facilities to the latter. In future, part of grid assets of JSC Nurenergo will be sold to JSC FGS UES by setting off the debt due from JSC Nurenergo to JSC FGS UES.

Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Murtazaliev Said – Hassan Salmanovich (1964) Murtazaliev Said –Hassan Salmanovich (1964) Jivanshiryan Leon Robertovich (1962) Kaitov Magomet Kadyevich (1960) Solodova Anna Anatolyevna (1969) Volkov Maxim Leonidovich (1982) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Collegial executive body (management board, directorate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director	Authorities of the sole executive body of the subsidiary company have been assigned to the management company: Open Joint-Stock Company “Interregional Distribution Grid Company of North Caucasus” Place of business: Podstantsionaya street 18, poselok Energetik, Pyatigorsk, Stavropolsky territory 357000. Does not have any share in the share capital of JSC FGS UES.

Full and abbreviated firm names	Open Joint-Stock Company “Moskovsky uzel svyazi energetiki”, JSC “MUS Energetiki”
Place of business	Kitaigorodsky proezd 7, Moscow, Russian Federation, 103074
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer’s share in the share capital of the subsidiary and/or related company	99,99%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	99,99%
Share of the subsidiary and/or related company in the issuer’s share capital	nil
Fraction of issuer’s ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	<ul style="list-style-type: none"> - organization, development and operation of distribution communications networks in the fuel and energy complex; - research and development works and participation in technical support to the development of the Unified Electric Communications and Telecommunications Network of the Electric Power Industry; - development of communications networks with the use of optical carriers, including on power transmission lines with the use of PLC technology; - organization and performance of communication services in various areas
Description of the company importance for the issuer activity	Open Joint-Stock Company “Moskovsky uzel svyazi energetiki” is a corporate communication carrier within the management system of JSC FGS UES. In this regard, JSC “MUS Energetiki” renders the following communications services to JSC FGS UES: from the stationary communication centre in Moscow and the communication centre of facility 5025; city, local and long distance telephone and telegraph, fax communication; services for performing organizational and technical activities in operating management of communication channels and telephony.

Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Pereygin Andrei Vitalyevich (1971) Glushko Sergey Ivanovich (1966) Marchenko Andrei Vladimirovich (1964) Nepomnyashchi Alexander Iosofovich (1948) Pereygin Andrei Vitalyevich (1971) Rodionov Vyacheslav Nikolaevich (1964) Terentyev Stanislav Nikolaevich (1967) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Collegial executive body (management board, directorate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director, full name, date of birth	Terentyev Stanislav Nikolaevich (1967) Does not have any share in the share capital of JSC FGS UES.

Full and abbreviated firm names	Joint-Stock Company United Energy System, JSC UES “GruzRosenergo”
Place of business	Marshal Gelovani street 2, Tbilisi, Georgia, 0159
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer’s share in the share capital of the subsidiary and/or related company	50,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	50,00%
Share of the subsidiary and/or related company in the issuer’s share capital	nil
Fraction of issuer’s ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	Electric power transmission
Description of the company importance for the issuer activity	Acquisition of income in a form of dividends
Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Rappoport Andrei Natanovich (1963) Natroshvili David Amiranovich (1977) Vagner Alexander Yevgenyevich (1965) Dikoi Vladimir Petrovich (1954) Sturua Vanno Revazovich (1976) Tavadze Georgi Sosoevich (1954) They do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Directorate: General Director – Sheradze Georgiy Vladimirovich (1956) (directorate head); - first deputy general director – Maisuradze Shota Alexandrovich (NA); - deputy general director for financial and economic affairs – Bolkvadze Yasha Kodirovich (NA); - deputy general director for commercial affairs – Chichua Guram Valerianovich (NA). Do not have any share in the share capital of JSC FGS UES.
General Director, full name, date of birth	Sheradze Georgiy Vladimirovich (1956) Does not have any share in the share capital of JSC FGS UES

Full and abbreviated firm names	Open Joint-Stock Company “Udostoveryaushchiy Centr elektronnykh Tsifrovyykh Podpisei Elektroenergetiki”, JSC “UC Energetiki”
Place of business	Vernadskogo prospect 101, building 3, Moscow, Russian Federation, 119526
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 20 % of the company voting shares

Issuer's share in the share capital of the subsidiary and/or related company	50,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	50,00%
Share of the subsidiary and/or related company in the issuer's share capital	nil
Fraction of issuer's ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	- provides electric power plants, legal entities and individuals with crypto keys and key certificates; - cooperation with electric power certifying centers; - cooperation with federal certifying centers.
Description of the company importance for the issuer activity	- оказание услуг Удостоверяющего центра
Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Fadeev Alexander Nikolaevich (1949) Chernov Alexander Grigoryevich (1952) Basalaev Andrei Viktorovich (1960) Spitsin Leonid Yevgenyevich (1963) Kazachkov Andrei Vladimirovich (1968) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Collegial executive body (management board, directorate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director, full name, date of birth	Danilov Denis Petrovich (1969) Does not have any share in the share capital of JSC FGS UES

Full and abbreviated firm names	Open Joint-Stock Company "Energostroynabkomplekt UES", JSC "Energostroynabkomplekt UES"
Place of business	Kitaigorodsky proezd 7, Moscow, Russian Federation
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer's share in the share capital of the subsidiary and/or related company	99,99%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	99,99%
Share of the subsidiary and/or related company in the issuer's share capital	nil
Fraction of issuer's ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	- holding of tenders and use of any other non-tender regulated procedures for selecting suppliers of Material and Technical Resources and Equipment, works, services; - conclusion of materials and equipment supply contracts with suppliers - tender winners;
Description of the company importance for the issuer activity	JSC "Energostroynabkomplekt UES" is a corporate organizer of tenders and other non-tender regulated procedures within the management system of JSC FGS UES.
Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Zimonas Roman Stasovich (1973) - Perelygin Andrei Vitalyevich (1971) - Kartaev Sergei Jarashovich (1960) - Melnikov Andrei Gennadyevich (1969) - Shmyrin Sergei Valeryevich (1972) - Saukh Vladimir Mikhailovich (1977) - Dolgikh Vyacheslav Mikhailovich (1969) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management	Collegial executive body (management board, director-

board, directorate)	ate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director, full name, date of birth	Zimonas Roman Stasovich (1973) Does not have any share in the share capital of JSC FGS UES
Full and abbreviated firm names	Open Joint-Stock Company “Nauchno-tehnichesky centr elektroenergetiki”, JSC “NTC elektroenergetiki”
Place of business	Academician Chelomey street 5A, Moscow, Russian Federation, 117630.
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer’s share in the share capital of the subsidiary and/or related company	100,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	100,00%
Share of the subsidiary and/or related company in the issuer’s share capital	nil
Fraction of issuer’s ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	<ul style="list-style-type: none"> - ensuring operational reliability and the maximum use of operational life of electric power plants, electric networks, other electric installations, their electric equipment and a high level of their operation by using advanced methods, state-of-the-art instruments and hardware; - performance of scientific and research, development and design and exploration works and expert services in the area of the electric power industry aimed at enhancing reliability and efficiency of generation, transmission, distribution and consumption of electric power; - performance of scientific and research, development and design and exploration works on backbone and distribution power grids in the course of their operation, technical retooling, restructuring and new construction;
Description of the company importance for the issuer activity	<ul style="list-style-type: none"> - At present, in the course of restructuring of Russia’s electric power industry a problem of security and reliability of the electric power system is becoming more and more serious. It is impossible to enhance the reliability and technical-and-economic efficiency of the consumer’s power-supply system without performing branch Scientific and Research and Development works (SRDW). JSC “NTC elektroenergetiki” is one of the world’s largest scientific and technical centers of the electric power industry and accordingly, a leader in performing scientific and research and development works in Russia. - The scientific and research base of JSC “NTC elektroenergetiki” is expanded by using innovative technologies aimed at exploring scientific knowledge and high technologies in the power grid sphere. Such pilot projects have been already implemented not only for JSC FGS UES but for other large market participants striving to use only state-of-the-art technologies of consumer’s reliable electric power supply.

Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Dorofeev Vladimir Valerianovich (1945) - Lint Mikhail Georgievich (1948) - Varivodov Vladimir Nikolaevich (1947) - Baigarina Elena Nikolaevna (1953) - Katina Anna Yuryevna (1982) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Collegial executive body (management board, directorate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director, full name, date of birth	Varivodov Vladimir Nikolaevich (1947) Does not have any share in the share capital of JSC FGS UES

Full and abbreviated firm names	Open Joint-Stock Company “Glavnaya elektrossetevaya servisnaya kompaniya of the Unified National Power Grid”, JSC “Glavsetservice UNPG”
Place of business	Tkatskaya street 1, Moscow, Russian Federation, 105318
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer’s share in the share capital of the subsidiary and/or related company	100,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	100,00%
Share of the subsidiary and/or related company in the issuer’s share capital	nil
Fraction of issuer’s ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	- checkout, maintenance and repair of backbone power grids and other power grid installations; - development of power grids and other power grid installations; designing, installation, engineering surveys, construction, reconstruction, technical retooling, checkout, diagnostics, maintenance and repair of technological communication networks.
Description of the company importance for the issuer activity	Efficiency of power companies’ core business is enhanced by enhancing the efficiency of using funds for repair works and technical retooling. Creation of an effective system of repair work management in the market environment.
Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Rappoport Andrei Natanovich (1963) - Rappoport Andrei Natanovich (1963) - Chistyakov Alexander Nikolaevich (1973) - Tuzov Mikhail Yuryevich (1966) - Vasilyev Viktor Alexeevich (1944) - Demin Andrei Alexandrovich (1974) - Dikoi Vladimir Petrovich (1954) - Jurko Igor Vasilyevich (1953) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Collegial executive body (management board, directorate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director, full name, date of birth	Grinenko Valery Ivanovich (1963) Does not have any share in the share capital of JSC FGS UES

Full and abbreviated firm names	Open Joint-Stock Company “OAO Spetsializirovannaya
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	elektrosetevaya servisnaya kompania of the Unified National Power Grid”, JSC “Elektrosetservice UNPG”
Place of business	Sadovnicheskaya street 27, building 8, Moscow, Russian Federation, 115035
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer’s share in the share capital of the subsidiary and/or related company	100,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	100,00%
Share of the subsidiary and/or related company in the issuer’s share capital	nil
Fraction of issuer’s ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	<ul style="list-style-type: none"> - diagnostics, maintenance, repair and recovery works on power grids and at other power grid installations of the UNPG; - technological control, examination of the industrial security and labour protection at power grid installations; development of power grids and other power grid installations
Description of the company importance for the issuer activity	Efficiency of power companies’ core business is enhanced by enhancing the efficiency of using funds for repair works and technical retooling. Creation of an effective system of repair work management in the market environment.
Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	<p>Chairman of the Board of Directors – Rappoport Andrei Natanovich (1963)</p> <ul style="list-style-type: none"> - Rappoport Andrei Natanovich (1963) - Chistyakov Alexander Nikolaevich (1973) - Tuzov Mikhail Yuryevich (1966) - Vasilyev Viktor Alexeevich (1944) - Demin Andrei Alexandrovich (1974) - Dikoi Vladimir Petrovich (1954) - Korobkov Nikolay Mikhailovich (1954) <p>Do not have any share in the share capital of JSC FGS UES.</p>
Composition of the collegial executive body (management board, directorate)	Collegial executive body (management board, directorate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director, full name, date of birth	<ul style="list-style-type: none"> - Korobkov Nikolay Mikhailovich (1954) <p>Does not have any share in the share capital of JSC FGS UES</p>

Full and abbreviated firm names	Open Joint-Stock Company “Centr injiniringa i upravleniya stroitelstvom of the Unified Energy System”, JSC “CIUS UES”
Place of business	Academician Chelomey street 5A, Moscow, Russian Federation, 117630
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 50 % of the company voting shares
Issuer’s share in the share capital of the subsidiary and/or related company	100,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	100,00%
Share of the subsidiary and/or related company in the issuer’s share capital	nil
Fraction of issuer’s ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	<ul style="list-style-type: none"> - activity in the area of architecture, preparation of a building site, ensuring the serviceability of electric power plants and power grids;

	- consulting on matters relating to the commercial activity and management, construction project management, industrial railway, automobile freight, air-passenger and air-freight transport, technical tests, surveys and certification.
Description of the company importance for the issuer activity	Activity in the area of architecture, engineering and technical design in the industry and construction, engineering surveys for power grids and/or other grid installations; activity for ensuring the serviceability of electric power plants and power grids, activity for ensuring the serviceability of boiler houses, heating systems.
Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors – Rappoport Andrei Natanovich (1963) - Rappoport Andrei Natanovich (1963) - Maslov Alexei Viktorovich (1975) - Shmanenkov Sergei Alexeevich (1948) - Perelygin Andrei Vatalyevich (1971) - Demin Andrei Alexandrovich (1974) - Baitov Anatoly Valeryevich (1977) Zimonas Roman Stasovich (1973) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Collegial executive body (management board, directorate) of such subsidiary company is not set up in accordance with the Articles of association.
General Director, full name, date of birth	Maslov Alexei Viktorovich (1975) Does not have any share in the share capital of JSC FGS UES

Full and abbreviated firm names of the company	Place of business	Issuer's share in the share capital of the subsidiary and/or related company	Fraction of ordinary shares in the subsidiary or related company held by the issuer	Composition of the Board of Directors (full name, date of birth)	General Director (full name, date of birth)
1. Open Joint-Stock Company "Arkhangelsk backbone grid company", JSC "Arkhangelsk backbone grid company"	Suvorov street 35, buikding 1, Arkhangelsk, Russian Federation	49,00%	59,05%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Kulya Valery Ivanovich, 1942; Volzhan Elena Igorevna, 1987; Parkhamuk Olga viktorovna, 1963; Filkin Roman Alexeevich, 1983; Obraztsov Alexander Konstantinovich, 1949; Trostnikova Elena Nikolaevna, 1957	Demchina Alexander Andreevich, 1947.
2. Open Joint-Stock Company "Astrakhan backbone grids", JSC "Astrakhan backbone grids"	Kramatorskaya street 204, Astrakhan, Russian Federation, 414032	48,66%	48,66%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Ivanova Yana Borisovna, 1982;	Shurygin Vladimir Nikolaevich, 1951.

				Belikov Igor Vyacheslavovich, 1956; Nikolaeva Maria Vladimirovna, (na); Tnalin Alibek Aibekovich, 1976; Volzhan Elena Igorevna, 1987; Nekipelov Yuri Borisovich, 1972; Pershenkov Alexei Vladimirovich, 1980; Shamis Yulia Lvovna, 1978.	
3. Open Joint-Stock Company "Belgorod backbone grid company", JSC "Belgorod backbone grid company"	Kommunisticheskaya street 42, Belgorod, Russian Federation	49,00%	65,29%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Morozov Sergei Pavlovich, 1957; Morin Alexander Konstantinovich, 1948; Belyavsky Mikhail Borisovich (na); Zhukov Andrei Sergeevich, 1979; Ekzarkho Elena Vilenovna (na); Stepanova Oksana Viktorovna, 1981; Petrukhin Maxim Anatolevich (na); Eremeev Maxim Alexandrovich, 1974	Zhdanovsky Mikhail Mikhailovich, (na).
4. Open Joint-Stock Company "Bryansk backbone grid company", JSC "Bryansk backbone grid company"	Krasnoarmeiskaya street 138, Bryansk, Russian Federation	49,00%	65,22%	Misrikhanov Misrikhan Shapievich, 1951 (Chairman of the Board of Directors); Kovalenko Tatyana Anatolyevna, 1967; Rudneva Alla Viktorovna, 1955; Kharchilava Khvichi Pataevich, 1972; Khalmeev Takhir Kayumovich, 1950; Obraztsov Alexander Kirilovich, 1949; Parkhomuk Olga Viktorovna, 1963.	Lukomsky Viktor Fedorovich, 1951;

5. Open Joint-Stock Company "Vladimir backbone grids", JSC "Vladimir backbone grids"	Bolshaya Nizhegorodskaya street 108, Vladimir, Russian Federation	49,00%	49,00%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Chaburin Alexander Alexandrovich, 1959; Belyaeva Anna Petrovna, 1972; Tuzov Dmitry Anatolyevich, 1969; Zhikharev Alexei Borisovich, 1981; Nekipelov Yuri Borisovich, 1972; Kulya Valeri Ivanovich, 1942.	Zotov Igor Anatolyevich, 1960
6. Open Joint-Stock Company "Volgograd backbone grids", JSC "Volgograd backbone grids"	Lenin prospect 15, Volgograd, Russian Federation, 400066	48,99%	61,33%	Kovalenko Tatyana Anatolevna, 1967 (Chairman of the Board of Directors); Nikolaeva Maria Vladimirovna, 1981; Statyin Vladimir Anatolyevich, 1959; Ivanova Yana Borisovna, 1982; Seliverstova Svetlana Alexandrovna, 1975; Lychagin Svyatoslav Anatolyevich, 1956; Pershenkov Alexei Vladimirovich, 1980; Volzhan Elena Igorevna, 1987; Tuzov Dmitri Anatolyevich, 1969; Kulya Valeri Ivanovich, 1942; Krassov Yevgeny Olegovich, 1984.	Shurygin Vladimir Nikolaevich, 1951.
7. Open Joint-Stock Company "Vologda backbone grids", JSC "Vologda backbone grids"	Poshekhonskoye shossee 40-a, Vologda, Vologda region, Russian Federation, 160022	49,00%	49,00%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Trostnikova Elena Nikolaevna, 1957; Barinov Vladimir Alexandrovich, 1982; Pershenkov Alexei Vladimirovich, 1980;	Golubev Vladimir Fedorovich, 1950

				Oboishev Alexei Viktorovich, 1960; Kharchilava Khvichi Pataevich, 1972; Tsapaeva Svetlana Yuryevna, 1970; Tuzov Dmitri Anatolyevich, 1969; Yaroshevich Vladislav Anatolyevich, 1972; Chaburin Alexander Alexandrovich, 1959; Eremeev Maxim Alexandrovich, 1974.	
8. Open Joint-Stock Company "Voronezh backbone grid company", JSC "Voronezh backbone grid company"	Arzamasskaya street 2, Voronezh, Russian Federation, 394033	49,01%	65,35%	Voronkin Alexander Vasilyevich, 1954 (chairman of the Board of Directors); Filkin Roman Alexandrovich, 1983; Gorlanov Andrei Sergeevich, 1977; Volzhan Elena Igorevna, 1987; Kosikovskiy S.F., 1938; Tuzov Dmitri Anatolyevich, 1969; Kulya Valeri Ivanovich, 1942; Nekipelov Yuri Borisovich, 1972; Parkhomuk Olga Viktorovna, 1963.	Logutov Viktor Semenovich, 1946
9. Open Joint-Stock Company "Dagestanskies backbone grids", JSC "Dagestanskies backbone grids"	Dakhadaev street 73a, Makhachkala, Russian Federation	51,00%	51,00%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Yusupov Kerim Omarovich, 1976; Seliverstova Svetlana Alexandrovna, 1975; Belyaeva Anna Petrovna, 1972; Pershenkov Alexei Vladimirovich, 1980; Uskov Pavel Vladimirovich, 1987; Tsapaeva Svetlana Yuryevna, 1970; Tuzov Dmitri Anatolyevich, 1969; Zhigarev Dmitri	Alizhanov Khabibula Devletgereevich, 1959

				Alexandrovich, 1962; Parkhomuk Olga Viktorovna, 1963.	
10. Open Joint-Stock Company "Ivanovo backbone grids", JSC "Ivanovo backbone grids"	Kalinin street 9/21, Ivanovo, Russian Federation	49,66%	56,55%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Belyaeva Anna Petrovna, 1972; Miroshina Natalia Valertevna, 1971; Parkhomuk Olga Viktorovna, 1963; Chaburin Alexander Alexandrovich, 1959; Tuzov Dmitri Anatolyevich, 1969; Nekipelov Yuri Borisovich, 1972.	Zotov Igor Anatolyevich, 1960
11. Open Joint-Stock Company "Kaluga backbone grid company", JSC "Kaluga backbone grid company"	Grabtsevskoye shosse 35, Kaluga, Russian Federation, 248009	52,25%	52,25%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Tumarenko Vitali Mikhailovich, 1949; Zhukov Andrei Sergeevich, 1979; Sadchikov Boris Yakovlevich, 1946; Kartoshkin Viktor Nikolaevich, 1958; Kim Radion Surovich, (na); Cherepanov Andrei Stepanovich, 1974; Nigmatulin Vladislav Raufovich, (na); Agapov Vladimir Dantonovich, (na).	Zhdanovsky Mikhail Mikhailovich, (na).
12. Open Joint-Stock Company "Karelian backbone grids", JSC "Karelian backbone grids"	Petrozavodsk, Russian Federation	100% minus 1 share	100% minus 1 share	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Seliverstova Svetlana Alexandrovna, 1975; Belyaeva Anna Petrovna, 1972; Osmov Yevgeny Alexandrovich, 1944; Rudnev Dmitri Andreevich (na).	Demchina Alexandr Andreevich, 1947

13. Open Joint-Stock Company "Kirov backbone grids", JSC "Kirov backbone grids"	Drelevskogo street 51, Kirov, Russian Federation	48,17%	63,96%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Shulin Maxim Igorevich, 1978; Golubeva Olga Vladimirovna, 1983; Gusev Andrei Leonidovich, 1973; Kovalenko Tatyana Anatolyevna, 1967; Krassov Yevgeny Olegovich, 1984; Eremeev Maxim Alexandrovich, 1974; Kostuk Mikhail Dmitrievich, 1952; Khalmeev Takhir Kaumovich, 1950.	Zhuikov Yevgeny Nikolaevich, 1961
14. Open Joint-Stock Company "Kolskie backbone grids", JSC "Kolskie backbone grids"	Kirov street 2, Murmashi, Murmansk region, Russian federation, 184355	49,21%	65,52%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Davidenko Yulia Valeryevna (na); Petrovich Igor Yuryevich, 1960; Kovalenko Tatyana Anatolyevna, 1967; Seliverstova Svetlana Alexandrovna, 1975; Pershenkov Alexei Vladimirovich, 1980; Obraztsov Alexander Kirillovich, 1949; Nekipelov Yuri Borisovich, 1972; Khinkin Pavel Vitalyevich, (na).	Demchina Alexandr Andreevich, 1947
15. Open Joint-Stock Company "Kostroma backbone grids", JSC "Kostroma backbone grids"	Prospect Mira 53, Kostroma, Russian Federation	49,00%	65,33%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Solovtsov Mikhail Romanovich, 1966; Seliverstova Svetlana Alexandrovna, 1975; Chaburin Alexander Alexandrovich, 1959; Obraztsov Alexander Kirillovich,	Zotov Igor Anatolyevich, 1960

				1949; Glebov Denis Alexandrovich, 1983; Yaroshevich Vladislav Anatolyevich, 1972.	
16. Open Joint-Stock Company "Krasnoyarsk backbone grids", JSC "Krasnoyarsk backbone grids"	Bograda street 144A, Krasnoyarsk, Russian Federation, 660021	51,75%	66,33%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Gorlanov Andrei Sergeevich, 1977; Trostnikova Elena Nikolaevna, 1957; Khromov Roman Leonidovich, 1972; Zhigarev Vladimir Alexandrovich, 1962; Kostuk Mikhail Dmitrievich, 1952; Nasryev Pifkhat Gazisovich, 1957; Davydkin Maxim Yakovlevich, 1963; Makarenko Yuri Leonidovich, 1961.	Martsinkevich Konstantin Leonidovich, 1962
17. Open Joint-Stock Company "Kursk backbone grids", JSC "Kursk backbone grids"	K. Marx street 27, Kursk, Russian Federation, 305029	49,00%	59,47%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Kovalenko Tatyana Anatolyevna, 1967; Volzhan Elena Igorevna, 1987; Lobov Pavel Vitalyevich, 1975; Eremeev Maxim Alexandrovich, 1974; Obraztsov Alexander Kirillovich, 1949; Parkhomchuk Olga Viktorovna, 1963; Kharchilava Khvichi Pataevich, 1972; Kostuk Mikhail Dmitrievich, 1952.	Zhdanovsky Mikhail Mikhailovich, (na).
18. Open Joint-Stock Company "Lipetsk backbone grids", JSC "Lipetsk backbone grids"	Sovetskaya street 66, Lipetsk, Russian Federation, 398001	49,02%	49,02%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Degoev Marat Petrovich, 1967; Repina Alevtina Alexandrovna, 1976; Zhevlakov Valeri Mikhailovich,	Logunov Viktor Semonovich, 1946

				1949; Barinov Vladimir Alexandrovich, 1982; Belyaeva Anna Petrovna, 1972; Tuzov Dmitri Anatolyevich, 1969.	
19. Open Joint-Stock Company "Rostovenergo backbone grid company", JSC "Rostovenergo backbone grid company"	Radiatorynny pereulok 10, Rostov-on-Don, Russian Federation, 344064	48,43%	62,76%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Tnalin Alibek Aibekovich, 1976; Pershenkov Alexei Vladimirovich, 1980; Shamis Yulia Lvovna, 1978; Kostuk Mikhail Dmitrievich, 1952; Tsapaeva Svetlana Yuryevna, 1970; Kovalenko Tatyana Anatolyevna, 1967; Belyaeva Anna Petrovna, 1972; Shulin Maxim Igorevich, 1978; Khalmeev Takhir Kayumovich, 1950.	Koledin Viktor Nikolaevich, 1953
20. Open Joint-Stock Company "Backbone grid company", JSC "Backbone grid company"	Raushskaya naberezhnaya 8, Moscow, Russian Federation, 115035	50,90%	50,90%	Voronkin Alexander Vasilyevich, 1954 (Chairman of the Board of Directors); Ignatov Igor Vyacheslavovich, (na); Skribot Wolfgang, 1966; Kravchenko Alexei Sergeevich, (na); Kovalenko Tatyana Anatolyevna, 1967; Seliverstova Svetlana Alexandrovna, 1975; Goncharov Yuri Vladimirovich, 1977; Lychagin Svyatoslav Anatolyevich, 1956; Krassov Yevgeny Olegovich, 1984; Parkhomuk Olga Viktorovna, 1963; Flegontov Vladimir Danilovich, 1966;	Medetsky Sergei Vladislavovich, 1958

				Tuzov Dmitri Anatolyevich, 1969; Kharchilava Khvichi Pataevich, 1972;	
21. Open Joint-Stock Company "Mari backbone grids", JSC "Mari backbone grids"	Kokshaisky proezd street 45, Yoshkar Ola, Republic of Mariy El, Russian Federation.	64,44%	70,07%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Belyaeva Anna Petrovna, 1972; Beschety Dmitri Grigoryevich, 1973; Kulya Valeri Ivanovich, 1942; Parkhomuk Olga Viktorovna, 1963; Chaburin Alexander Alexandrovich, 1959; Kharchilava Khvicha Pataevich, 1972;	Latyshev Nikolay Alexandrovich, 1961
22. Open Joint-Stock Company "Mordovskie backbone grid company", JSC "Mordovskie backbone grid company"	Lenin prospect 50, Saransk, Republic of Mordovia, Russian Federation	53,14%	53,14%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Krassov Yevgeny Olegovich, 1984; Efimova Olga Olegovna, 1972; Tuzov Dmitri Anatolyevich, 1969; Kulya Valeri Ivanovich, 1942; Parkhomuk Olga Viktorovna, 1963; Gusev Andrei Leonidovich, 1973;	Evstifeev Sergei Olegovich, 1972
23. Open Joint-Stock Company "Nizhny Novgorod backbone grid company", JSC "Nizhny Novgorod backbone grid company"	Rozhdestvenskaya street 33, Nizhny Novgorod, Russian Federation	49,00%	62,30%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Klyueva Yulia Vyacheslavovna, (na); Gorlanov Andrei Sergeevich, 1977; Obraztsov Alexander Kirillovich, 1949; Parkhomuk Olga Viktorovna, 1963; Pershenkov Alexei Vladimirovich, 1980; Flegontov Vladimir Danilovich, 1966; Kharchilava Khvi-	Kulikov Alexander Leonidovich, 1961

				cha Pataevich, 1972; Shulin Maxim Igorevich, 1978;	
24. Open Joint-Stock Company "Orenburg backbone grids", JSC "Orenburg backbone grids"	Manezhnaya street 26, Orenburg, Russian Federation	100% minus 1 share	100% minus 1 share	Kovalenko Tatyana Anatolyevna, 1967; (Chairman of the Board of Directors); Bakulina Elena Vladimirovna, 1978; Barinov Vladimir Alexandrovich, 1982; Galka Vadim Vadimovich, 1964; Krassov Yevgeny Olegovich, 1984.	Zhuikov Yevgeny Nikolaevich, 1961
25. Open Joint-Stock Company "Orel backbone grid company", JSC "Orel backbone grid company"	Mir square 2, Orel, Russian Federation, 302030	49,00%	60,35%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Trostnikova Elena Nikolaevna, 1957; Flegontov Vladimir Danilovich, 1966; Nekipelov Yuri Borisovich, 1972; Khinkin Pavel Vatalyevich (na); Khalmeev Takhir Kayumovich, 1950; Parkhomuk Olga Viktorovna, 1963;	Zhdanovsky Mikhail Mikhailovich, 1949
26. Open Joint-Stock Company "Penza backbone grid company", JSC "Penza backbone grid company"	Penza-2 Training complex (500 KW) Salsovka, Penza district, Penza region, Russian Federation, 442336	49,000%	60,21%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Krassov Yevgeny Olegovich, 1984; Popovich Ekaterina Yuryevna, 1977; Flegontov Vladimir Danilovich, 1966; Chaburin Alexander Alexandrovich, 1959; Zhigarev Vladimir Alexandrovich, 1962; Kulya Valeri Ivanovich, 1942.	Evstifeev Sergei Olegovich, 1972
27. Open Joint-Stock Company "Perm backbone grid company", JSC "Perm backbone grid company"	Komsomolsky prospect 48, GSP, Perm, Russian Federation	49,00%	64,36%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Barinov Vladimir Alexandrovich, 1982; Trostnikova Elena Nikolaevna, 1957; Dashevskaya Olga	Babin Anatoly Viktorovich, 1949

				Alexandrovna (na); Tuzov Dmitri Anatolyevich, 1969; Khalmeev Takhir Kayumovich, 1950; Kulya Valeri Ivanovich, 1942; Gusev Andrei Leonidovich, 1973; Obraztsov Alexander Kirillovich, 1949.	
28. Open Joint-Stock Company "Petersburg backbone grids", JSC "Petersburg backbone grids"	Marsovo pole 1, St.Petersburg, Russian Federation, 191186	49,00%	57,40%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Kari Kautinen (na); Grave Irina Vadimovna (na); Novoselov Dmitri Borisovich (na); Farafonov Vladimir Yevgenyevich, 1950 Barinov Vladimir Alexandrovich, 1982; Belyaeva Anna Petrovna, 1972; Volzhan Elena Igorevna, 1987; Pyapin Igor Yuryevich, 1979; Eremeev Maxim Alexandrovich, 1974; Parkhomuk Olga Viktorovna, 1963.	Lukomsky Viktor Fedorovich, 1951
29. Open Joint-Stock Company "Ryazan backbone grids", JSC "Ryazan backbone grids"	Stroikova street 39, Ryazan, Russian Federation	49,00%	49,00%	Kovalenko Tatyana Anatolyevna, 1967; (Chairman of the Board of Directors); Filkin Roman Alexeevich, 1983; Volzhan Elena Igorevna, 1987; Levina Polina Davidovna (na); Kulya Valeri Ivanovich, 1942; Khalmeev Takhir Kayumovich, 1950; Parkhomuk Olga Viktorovna, 1963.	Rudnev Sergei Nikolaevich, 1957
30. Open Joint-Stock Company "Sverdlovskie backbone grids", JSC "Sverdlovskie backbone grids"	Prospect Kosmonavtov 17a, Yekaterinburg, Russian Federation, 620017	49,00%	65,33%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Krassov Yevgeny Olegovich, 1984; Barinov Vladimir Alexandrovich, 1982;	Babin Anatoly Viktorovich, 1949

				Kostuk Mikhial Dmitrievich, 1952; Zigarev Vladimir Alexandrovich, 1962; Oboishev Alexander Viktorovich (na); Nekipelov Yuri Borisovich, 1972; Flegontov Vladimir Danilovich, 1966; Khalmeev Takhir Kayumovich, 1950.	
31. Open Joint-Stock Company "Smolensk backbone grids", JSC "Smolensk backbone grids"	Oktyabrskaya street 4, Yartsevo, Smolensk region, Russian Federation	48,68%	59,26%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Seliverstova Svetlana Alexandrovna, 1975; Lakhov Sergei Vasilyevich, 1957; Kostuk Mikhial Dmitrievich, 1952; Khalmeev Takhir Kayumovich, 1950; Chaburin Alexander Alexandrovich, 1959; Gusev Andrei Leonidovich, 1973; Pershenkov Alexei Vladimirovich, 1980; Filkin Roman Alexeevich, 1983.	Lukomsky Viktor Fedorovich, 1951
32. Open Joint-Stock Company "Tambov backbone grid company", JSC "Tambov backbone grid company"	Sovetskaya street 202, Tambov, Russian Federation, 392009	49,01%	56,01%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Krassov Yevgeny Olegovich, 1984; Denisenko Yanina Anatolyevna, (na); Lyakhov Alexei Vaselyevich, (na); Eremeev Maxim Alexandrovich, 1974; Kostuk Mikhial Dmitrievich, 1952; Glotov Andrei Eduardovich, 1960.	Logunov Viktor Semenovich, 1946
33. Open Joint-Stock Company "Tver backbone grids", JSC "Tver backbone grids"	Bebel street 1, Tver, Russian Federation, 170006	49,00%	65,33%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Obraztsov Alexander Kirillovich, 1949; Trostnikova Elena Nikolaevna, 1957;	Nagaitsev Alexander Stepanovich, 1955

				Oboishev Alexey Viktorovich, 1960; Khalmeev Takhir Kayumovich, 1950; Denisenko Yanina Anatolyevna, (na); Gorlanov Andrei Sergeevich, 1977; Yaroshevich Vladislav Anatolyevich, 1972; Chaburin Alexander Alexandrovich, 1959.	
34. Open Joint-Stock Company "Tomsk backbone grids", JSC "Tomsk backbone grids"	Prospect Kirova 36, Tomsk, Russian Federation, 634041	52,03%	59,88%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Zimin Alexei Vladimirovich, 1976; Belyaeva Anna Petrovna, 1972; Gusev Andrei Leonidovich, 1973; Tsapaeva Svetlana Yuryevna, 1970; Glotov Andrei Eduardovich, 1960; Zhigarev Vladimir Alexandrovich, 1962.	Karmanov Yuri Alexandrovich, 1950
35. Open Joint-Stock Company "Tula backbone grid company", JSC "Tula backbone grid company"	Timiryazeva street 101-a, Tula, Russian Federation, 300600	49,00%	49,00%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Gorlanov Andrei Sergeevich, 1977; Fateeva Elena Igorevna, 1969; Goncharov Yuri Vladimirovich, 1977; Ereemeev Maxim Alexandrovich, 1974; Tsapaeva Svetlana Yuryevna, 1970; Khalmeev Takhir Kayumovich, 1950; Shulin Maxim Igorevich, 1978; Taskaev Andrei Viktorovich (na).	Rudnev Sergei Nikolaevich, 1957
36. Open Joint-Stock Company "Tyumen backbone grid company", JSC "Tyumen backbone grid company"	Daudelnaya street 44, Tyumen, Russian Federation	100% minus 1 share	100% minus 1 share	Perelygin Andrei Vatalyevich, 1971 (Chairman of the Board of Directors); Babin Anatoly Viktorovich, 1949; Goncharov Yuri Vladimirovich, 1977;	Goncharuk Edvard Nikolaevich, 1975

				Zakharov Vasily Vasilyevich, 1952; Krassov Yevgeny Olegovich, 1984.	
37. Open Joint-Stock Company "Udmurtskie backbone grids", JSC "Udmurtskie backbone grids"	Votkinskoe shosse 105, Izhevsk, Russian Federation	49,00%	55,39%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Presnukhin Viktor Konstantinovich, 1948; Gorlanov Andrei Sergeevich, 1977; Belyaeva Anna Petrovna, 1972; Otchik Igor Vladimirovich, 1951; Tsapaeva Svetlana Yuryevna, 1970; Yaroshevich Vladislav Anatolyevich, 1972; Nekipelov Yuri Borisovich, 1972; Flegontov Vladimir Danilovich, 1966.	Zhuikov Yevgeny Nikolaevich, 1961
38. Open Joint-Stock Company "Hakasskaya backbone grid company", JSC "Hakasskaya backbone grid company"	Uspenskogo street 6, Sayanogorsk, Republic of Khakasia, Russian Federation	100% minus 1 share	100% minus 1 share	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Barinov Vladimir Alexandrovich, 1982; Volzhan Elena Igorevna, 1987; Krassov Yevgeny Olegovich, 1984; Nemtsev Boris Lvovich, 1959.	Martsinkevich Konstantin Leonidovich, 1962
39. Open Joint-Stock Company "Chelyabinsk backbone grids", JSC "Chelyabinsk backbone grids"	Revolution square 5, Chelyabinsk, Russian Federation, 454000	49,00%	58,06%	Kovalenko Tatyana Anatolyevna, 1967 (Chairman of the Board of Directors); Kislyakov Anton Mikhailovich, 1970; Kostuk Mikhail Dmitrievich, 1952; Stepanova Oksana Viktorovna, 1981; Tsapaeva Svetlana Yuryevna, 1970; Yaroshevich Vladislav Anatolyevich, 1972; Zhigarev Vladimir Alexandrovich, 1962; Flegontov Vladimir Danilovich, 1966; Trostnikova Elena Nikolaevna, 1957;	Babin Anatoly Viktorovich, 1949

				Seliverstova Svetlana Alexandrovna, 1975; Pershenkov Alexei Vladimirovich, 1980.	
40. Open Joint-Stock Company "Chuvashskie backbone grids", JSC "Chuvashia backbone grids"	Zheleznodorozhnaya street 267 a, Kanash, Republic of Chuvashia, Russian Federation	100% minus 1 share	100% minus 1 share	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Barinov Vladimir Alexandrovich, 1982; Belyaeva Anna Petrovna, 1972; Kovalenko Tatyana Anatolyevna, 1967; Nemtsev Boris Lvovich, 1959; Volzhan Elena Igorevna, 1987; Smagin Andrei Viktorovich, 1973.	Latyshev Nikolay Alexandrovich, 1961
41. Open Joint-Stock Company "Yaroslavl backbone grids", JSC "Yaroslavl backbone grids"	Prospect Oktyabrya 42, Yaroslavl, Russian Federation	47,36%	59,81%	Kovalenko Tatyana Anatolyevna, 1967 (Chairman of the Board of Directors); Kalmykov Alexander Yuryevich, 1975; Svyatchenko Elena Vladimirovna, (na); Tsapaeva Svetlana Yuryevna, 1970; Belyaeva Anna Petrovna, 1972; Bobrov Alexei Valeruevich, (na); Tuzov Dmitri Anatolyevich, 1969.	Nagaitsev Alexander Stepanovich, 1955
42. Open Joint-Stock Company "Omsk backbone grid company", JSC "Omsk backbone grid company"	Partizanskaya street 10, Omsk, Russian Federation, 644037	49,00%,	60,39%.	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Shumilov Alexander Alexandrovich, 1967; Zarkhin Vitaly Yuryevich, 1976; Kosarev Vladimir Alexandrovich, 1956; Shvetsova Marina Vladimirovna, 1964; Pesnya-Prasolova Viktoria Vladimirovna, 1975; Volzhan Elena Igorevna, 1987; Trostnikova Elena	Chikharin Anatoly Mikhailovich, 1954

				Nikolaevna, 1957; Kovalenko Tatyana Anatolyevna, 1967 Gorlanov Andrei Sergeevich, 1977; Krassov Yevgeny Olegovich, 1984; Seliverstova Svetlana Alexandrovna, 1975.	
43. Open Joint-Stock Company "Buryatskie backbone grids", JSC "Buryatskie backbone grids"	Sakhyanovoi street 5, Ulan-Ude, Republic of Buryatia, Russian Federation, 670047	46,80%	46,80%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Shumilov Alexander Alexandrovich, 1967; Kolotukhin Georgi Georgievich, 1954; Trapeznikova Natalia Viktorovna, 1976; Goncharov Igor Mikhailovich, 1968; Trostnikova Elena Nikolaevna, 1957; Seliverstova Svetlana Alexandrovna, 1975; Nemtsev Boris Lvovich, 1959; Tulyakov Vadim Viktorovich, 1967; Tuzov Dmitri Anatolyevich, 1969; Zhigarev Vladimir Alexandrovich, 1962.	Zubarev Nikolay Mikhailovich, 1954
44. Open Joint-Stock Company "Kuzbassenergo backbone grids", JSC "Kuzbassenergo backbone grids"	Kirchanova street 25A, Kemerovo, Russian Federation, 650004	49%	49%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Shumilov Alexander Alexandrovich, 1967; Shatsky Pavel Olegovich, 1972; Shvetsova Marina Vladimirovna, 1964; Kosarev Vladimir Alexandrovich, 1956; Trapeznikova Natalia Viktorovna, 1976; Seliverstova Svetlana Alexandrovna, 1975; Belyaeva Anna Petrovna, 1972; Burakov Nikolay Viktorovich, 1973;	Kochetov Alexei Vladimirovich, 1968

				Obraztsov Alexander Kirillovich, 1949; Glotov Andrei Eduardovich, 1960.	
45. Open Joint-Stock Company "Backbone grids of Republic of Komi", JSC "Backbone grids of Republic of Komi"	Internatsionalnaya street 94, Syktyvkar, Republic of Komi, Russian Federation	50,1 %	50,34 %	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Lobov Pavel Vitalyevich, 1975; Kostuk Mikhail Dmitrievich, 1952; Kovalenko Tatyana Anatolyevna, 1967; Volzhan Elena Igorevna 1987; Eremeev Maxim Alexandrovich, 1974; Obraztsov Alexander Kirillovich, 1949; Parkhomuk Olga Viktorovna, 1963; Kharchilava Khvicha Pataevich, 1972.	Medvedev Ivan Vladimirovich, 1955
46. Open Joint-Stock Company "Kubanskie backbone grids", JSC "Kubanskie backbone grids"	Tramvainaya street 5, Krasnodar, Russian Federation	48,99%	48,99%	Nemtsev Boris Lvovich, 1959, Chairman of the Board of Directors; Bisirkin Sergei Ivanovich, 1964; Eremin Pavel Borisovich, 1973; Seliverstova Svetlana Alexandrovna, 1975; Gorlanov Angrei Sergeevich, 1977; Lobov Pavel Vitalyevich, 1975; Parkhomuk Olga Viktorovna, 1963; Krassov Yevgeny Olegovich, 1984; Tuzov Dmitri Anatolyevich, 1969; Khalmeev Takhir Kayumovich, 1950.	Timchenko Anatoly Nikolaevich, 1950
47. Open Joint-Stock Company "Samara backbone grid company", JSC "Samara backbone grid company"	Mayakovskogo street 15, Samara, Russian Federation	55,03%	55,35%	Goncharov Yuri Vladimirovich, 1977 (Chairman of the Board of Directors); Lakhov Sergei Vasilyevich, 1957; Gorlanov Andrei sergeevich, 1977; Kovalenko Tatyana Anatolyevna, 1967; Krassov Yevgeny Olegovich, 1984;	Novikov Vladimir Nikolaevich, 1950

				Tuzov Dmitri Anatolyevich, 1969; Shulin Maxim Igorevich, 1978; Obraztsov Alexander Kirillovich, 1949; Denisenko Yanina Anatolyevna, (na); Flegontov Vladimir Danilovich, 1966	
48. Open Joint-Stock Company "Saratov backbone grid company", JSC "Saratov backbone grid company"	Chernyshevskogo street 124, Saratov, Russian Federation.	53,13%	64,04%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Goncharov Yuri Vladimirovich, 1977; Zimin Alexei Vladimirovich, 1976; Krassov Yevgeny Olegovich, 1984; Tsapaeva Svetlana Yuryevna, 1970; Obraztsov Alexander Kirillovich, 1949; Nekipelov Yuri Borisovich, 1972; Kharchilava Khvicha Pataevich, 1972. Zhigarev Vladimir Alexandrovich, 1962.	Budyak Nikolay Petrovich, 1965
49. Open Joint-Stock Company "Chita backbone grids", JSC "Chita backbone grids"	Novobulvarnaya street 163, building 1, Chita, Russian Federation	49%	62,16%	Smagin Andrei Viktorovich, 1973 (Chairman of the Board of Directors); Chubinkova Marina Ivanovna, 1961; Nekipelov Yuri Borisovich, 1972; Taskaev Andrei Viktorovich, (na); Glotov Andrei Eduardovich, 1960; Shumilov Alexander Alexandrovich, 1967; Shvetsova Marina Vladimirovna, 1964.	Zubarev Nikolay Mikhailovich, 1954
50. Open Joint-Stock Company "Kurgan backbone grid company", JSC "Kurgan backbone grid company"	Lenin street 40, Kurgan, Russian Federation	49%	53,81%	Zverev Yuri Alexandrovich, (na) (Chairman of the Board of Directors); Smagin Andrei Viktorovich, 1973 Kovalenko Tatyana Anatolyevna, 1967;	Shevchenko Oleg Sergeevich, (na).

				Rudnev Dmitri Andreevich, (na); Babyak Vladimir Vladimirovich, (na); Kondrashov Alexander Vladimirovich, (na); Dektyannikova Elena Viktorovna, (na).	
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Members of the Boards of Directors of the above-mentioned companies and persons discharging the duties of the sole executive bodies of the above-mentioned companies do not have any share in the issuer's share capital, nor hold any issuer's ordinary shares.

The collegial executive body of such companies is not set up in accordance with the Articles of association of such companies.

Grounds for recognizing the above-mentioned companies as subsidiary and related in relation to the issuer are as follows: the issuer holds more than 20% of voting shares of the companies.

The value of share of the above-mentioned companies in the issuer's share capital and fractions of the issuer's ordinary shares held by the above-mentioned companies are 0 %.

- Description of the primary type of activity of the companies:
- performance of electric power transmission, distribution services;
 - performance of power grid connection services;
 - performance of services arising from technological information collection, transmission and processing, including measurement and inventory data;
 - diagnostics, operation, repair of power grids and other electric power installations and their technological management;
 - diagnostics, operation, repair of technological communication networks, measurement and inventory instruments, relay protection equipment and emergency control schemes and other electric power technological equipment and their technological management;
 - development of long-range forecasts, long-term and current plans for the power grid complex, purpose-oriented comprehensive scientific and technical, economic and social programs;
 - development of power grids and other power grid installations, including designing, engineering surveys, construction, reconstruction, technical retooling, installation and checkout;
 - development of technological communication networks, measurement and inventory instruments, relay protection equipment and emergency control schemes and other electric power technological equipment, including designing, engineering surveys, construction, reconstruction, technical retooling, installation and checkout;

Importance of the said companies for the issuer:

Under article 4 of Federal Law No 36-FZ dated 26.03.2003 "On the Specifics of Electric Power Industry Functioning during the Transition Period" ... Russian open joint-stock energy and electrification company "Unified energy system of Russia" (JSC RAO «UES of Russia») transfers its shares in the companies which have been founded in the course of reorganization of the joint-stock energy and electrification companies and to which power grid installations relating to the unified national (all-Russia) power grid (hereinafter referred to as the UNPG) have been

handed over to the share capital of the company managing the unified national (all-Russia) power grid (FGC UES, JSC).

Data on a foreign legal entity in which the issuer holds more than 20% of voting shares:

Full and abbreviated firm names	Joint-stock company United Energy Systems, JSC UES "GruzRosenergo"
Place of business	Marshal Gelovani street 2, Tbilisi, Georgia, 0159
Grounds for recognizing the company as subsidiary or related in relation to the issuer	the issuer holds more than 20 % of the company voting shares
Issuer's share in the share capital of the subsidiary and/or related company	50,00%
Fraction of ordinary shares in the subsidiary or related company held by the issuer	50,00%
Share of the subsidiary and/or related company in the issuer's share capital	nil
Fraction of issuer's ordinary shares held by the subsidiary and/or related company	nil
Description of the primary type of activity	Electric power transmission
Description of the company importance for the issuer activity	Acquisition of income in a form of dividends
Composition of the Board of Directors (supervisory board) stating the name of the chairman of the Board of Directors (supervisory board)	Chairman of the Board of Directors –Rappoport Andrei Natanovich (1963) Natroshvili David Amiranovich (1977) Vagner Alexander Yevgenyevich (1965) Dikoi Vladimir Petrovich (1954) Sturua Vanno Rezatovich (1976) Tavadze Georgi Sosoevich (1954) Do not have any share in the share capital of JSC FGS UES.
Composition of the collegial executive body (management board, directorate)	Directorate: General Director – Sheradze Georgy Vladimirovich (1956) (director head); - first deputy general director – Maisuradze Shota Alexandrovich (na); - deputy general director for financial and economic affairs – Bolkvadze Yasha Kodirovich (na); - deputy general director for commercial affairs – Chichua Guram Valerianovich (na); Do not have any share in the share capital of JSC FGS UES.
General Director, full name, date of birth	Sheradze Georgy Vladimirovich (1956) Does not have any share in the share capital of JSC FGS UES.

3.6. Composition, structure and cost of issuer's fixed assets, information on plans for acquiring, replacing, retiring fixed assets and also all encumbrances of issuer's fixed assets

3.6.1. Fixed assets

Information on historical (replacement) cost of fixed assets and depreciation charges as of the end of 2007 and I quarter of 2008 (thousand rubles):

Reporting date: 31.12.2007

Name of fixed asset group	Historical (replacement) cost	Accumulated depreciation value
Production buildings	9 595 412	2 393 735
Hydraulic structures	258	163

Power transmission lines and accessories	107 761 743	50 170 751
Heating networks	45	28
Equipment and plants	319 981	169 876
Power equipment	72 563	37 916
Electric power substations	47 241 201	13 357 544
Nonproductive capital assets	0	0
Fixed assets which cost is up to 10000 rubles for a unit	489 612	489 612
Other	22 625 650	7 372 838

Reporting period: 31.03.2008

Name of fixed asset group	Historical (replacement) cost	Accumulated depreciation value
Production buildings	11 094 154	2 801 770
Hydraulic structures	299	201
Power transmission lines and accessories	110 436 818	53 528 703
Heating networks	53	35
Equipment and plants	440 728	219 158
Power equipment	74 849	41 162
Electric power substations	51 224 541	15 143 761
Nonproductive capital assets	24 150	138
Fixed assets which cost is up to 10000 rubles for a unit	573 614	558 805
Other	24 899 281	8 566 154
TOTAL	198 768 487	80 859 887

Total depreciated cost of fixed assets as of 31.03.2008 amounts to **117 908 600 thousand rubles**.

Information on depreciation expenses calculation methods by fixed asset groups:

Fixed assets are depreciated on a straight-line basis.

Results of the latest revaluation of fixed assets and assets rented on a long-term basis within 5 last completed fiscal years:

Name of fixed asset group	Overall cost prior to revaluation	Depreciated cost prior to revaluation	Date of revaluation	Overall cost after revaluation	Depreciated cost after revaluation
Production buildings	3 266 024	3 004 274	01.01.2004	3 539 405	3 250 955
Hydraulic structures	461	416		461	416
Power transmission lines and accessories	75 263 952	65 620 143	01.01.2004	77 524 033	67 593 801
Heating networks	0	985		0	985
Equipment and plants	149 413	119 377		149 413	119 377
Power equipment	175 007	141 258	01.01.2004	175 007	141 258
Electric power substations	24 896 417	22 507 278	01.01.2004	26 500 580	23 945 934
Nonproductive capital assets	2 513	1 397		2 513	1 397
Fixed assets which cost is up to 10000 rubles for a unit	177 711	40	01.01.2004	177 711	40
Other	2 691 264	2 143 096	01.01.2004	2 691 264	2 143 096
TOTAL	106 622 762	93 538 264		110 760 387	97 197 259

Name of group	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2004), thousand rubles	Changes in opening balance due to item reclassification	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2004) with changes in opening balance	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Replacement or historical cost as of the end of the year preceding the reporting period (01.01.2005) with changes in opening balance
Production buildings	4 702 175	1 502	4 703 677	552 771	5 256 448
Hydraulic structures	461	5 096	5 557	0	5 557
Power transmission lines and accessories	85 864 051	113 639	85 977 690	2 419 506	88 397 196
Heating networks	0	0	0	0	0
Equipment and plants	303 223	599 087	902 310	0	902 310

Name of group	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2004), thousand rubles	Changes in opening balance due to item reclassification	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2004) with changes in opening balance	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Replacement or historical cost as of the end of the year preceding the reporting period (01.01.2005) with changes in opening balance
Power equipment	183 389	94 563	227 952	0	277 952
Electric power substations	30 564 396	333 171	30 897 567	1 630 975	32 528 542
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	220 530	692	221 222	0	221 222
Other	5 084 423	- 1 147 750	3 936 673	0	3 936 673
Total balance cost of fixed assets	126 922 648	0	126 922 648	4 603 252	131 525 900

Name of group	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2004), thousand rubles	Changes in opening balance due to item reclassification, thousand rubles	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2004) with changes in opening balance, thousand rubles	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Accumulated depreciation as of the beginning of the year (01.01.2005) with changes in opening balance after revaluation, thousand rubles
Production buildings	605 697	409	606 106	90 558	696 664
Hydraulic structures	106	1 044	1 150	0	1 150
Power transmission lines and accessories	18 672 468	2 122	18 674 590	609 099	19 283 689
Heating networks	0	0	0	0	0
Equipment and plants	58 171	11 513	69 684	0	69 684
Power equipment	65 105	8 186	73 291	0	73 291
Electric power substations	4 914 934	21 967	4 936 901	292 470	5 229 371
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	220 494	709	221 208	0	221 208
Other	1 071 481	-45950	1 025 531	0	1 025 531
For reference. Depreciation accumulated in accordance with account 08			0		0
Total accumulated depreciation of fixed assets	25 608 461	0	25 608 461	992 127	26 600 588
Total depreciated cost of	101 314 187	0	101 314 187	3 611 125	104 925 312

Production buildings	605 697	409	606 106	90 558	696 664
Hydraulic structures	106	1 044	1 150	0	1 150
Power transmission lines and accessories	18 672 468	2 122	18 674 590	609 099	19 283 689
Heating networks	0	0	0	0	0
Equipment and plants	58 171	11 513	69 684	0	69 684
Power equipment	65 105	8 186	73 291	0	73 291
Electric power substations	4 914 934	21 967	4 936 901	292 470	5 229 371
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	220 494	709	221 208	0	221 208
Other	1 071 481	-45950	1 025 531	0	1 025 531
For reference. Depreciation accumulated in accordance with account 08			0		0
Total accumulated depreciation of fixed assets	25 608 461	0	25 608 461	992 127	26 600 588
Total depreciated cost of	101 314 187	0	101 314 187	3 611 125	104 925 312

fixed assets					
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Name of group	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2005), thousand rubles	Changes in opening balance due to item reclassification	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2005) with changes in opening balance, thousand rubles	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Replacement or historical cost as of the beginning of the year (01.01.2006) with changes in opening balance after revaluation, thousand rubles
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Production buildings	5 771 002	0	5 771 002	747 236	6 518 238
Hydraulic structures	9 733	0	9 733	0	9 733
Power transmission lines and accessories	96 296 402	9 936	96 306 338	1 898 225	98 204 563
Heating networks	0	0	0	0	0
Equipment and plants	945 708	-6 618	939 090	0	939 090
Power equipment	347 041	3 159	350 200	0	350 200
Electric power substations	36 278 069	7 247	36 285 316	2 522 979	38 808 295
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	280 663	0	280 663	0	280 663
Other	5 731 578	-13 724	5 717 954	123	5 717 977
Total balance cost of fixed assets	145 660 196	0	145 660 196	5 168 563	150 828 759

Name of group	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2005), thousand rubles	Changes in opening balance due to item reclassification, thousand rubles	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2005) with changes in opening balance, thousand rubles	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Accumulated depreciation as of the beginning of the year (01.01.2007) with changes in opening balance after revaluation, thousand rubles
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Production buildings	1 101 869	0	1 101 869	148 585	1 250 453
Hydraulic structures	1 808	0	1 808	0	1 808
Power transmission lines and accessories	28 564 214	2 182	28 566 396	673 750	29 240 146
Heating networks	0	0	0	0	0
Equipment and plants	188 401	-4 508	183 893	0	183 893
Power equipment	118 001	-741	117 260	0	117 260
Electric power substations	8 263 290	1 045	8 264 335	513 198	8 777 533
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	280 630	33	280 663	0	280 663
Other	1 685 404	1 989	1 687 393	0	1 687 393

	For reference. Depreciation accumulated in accordance with account 08			0		0
	Total accumulated depreciation of fixed assets	40 203 617	0	40 203 617	1 335 533	41 539 150

	Total depreciated cost of fixed assets	105 456 579	0	105 456 579	3 833 030	109 289 609
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Group	Name of group	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2006), thousand rubles	Changes in opening balance due to item reclassification, thousand rubles	Replacement or historical cost as of the end of the year preceding the reporting period (31.12.2006) with changes in opening balance, thousand rubles	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Replacement or historical cost as of the beginning of the year (01.01.2007) with changes in opening balance after revaluation, thousand rubles
			(Note 1)			

	Production buildings	8 038 479	160 399	8 198 878	615 037	8 813 915
	Hydraulic structures	9 733	- 9 475	258	0	258
	Power transmission lines and accessories	100 240 173	1 181 349	101 421 522	2 100 486	103 522 008
	Heating networks	0	42	42	3	45
	Equipment and plants	1 033 349	- 763 709	269 640	28 412	298 052
	Power equipment	413 016	- 355 088	57 928	0	57 928
	Electric power substations	43 179 740	- 7 019 991	36 159 749	2 229 878	38 389 627
	Nonproductive capital assets	0	0	0	0	0
	Fixed assets which cost is up to 10000 rubles for a unit	382 778	9 877	392 655	0	392 655
	Other	9 662 613	6 796 596	16 459 209	763 645	17 222 854
	Total balance cost of fixed assets	162 959 881	0	162 959 881	5 737 461	168 697 342

Group	Name of group	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2006), thousand rubles	Changes in opening balance due to item reclassification, thousand rubles	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2006) with changes in opening balance, thousand rubles	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Accumulated depreciation as of the beginning of the year (01.01.2007) with changes in opening balance after revaluation, thousand rubles
			(Note 2)			

	Production buildings	1 701 122	56 610	1 757 732	127 627	1 885 359
	Hydraulic structures	2 643	-2 517	126	0	126
	Power transmission lines and accessories	38 871 546	285 298	39 156 844	877 524	40 034 368
	Heating networks	0	21	21	1	22

Equipment and plants	299 271	- 161 849	137 422	6 806	144 228
Power equipment	156 139	- 125 620	30 519	0	30 519
Electric power substations	11 945 036	- 2 261 891	9 683 145	579 311	10 262 456
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	382 778	9 812	392 590	0	392 590
Other	2 706 085	2 200 136	4 906 221	186 667	5 092 888
Total accumulated depreciation of fixed assets	56 064 620	0	56 064 620	1 777 936	57 842 556

Total depreciated cost of fixed assets	106 895 261	0	106 895 261	3 959 525	110 854 786
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Name of group	Replacement or historical cost as of the end of the year	Changes in opening balance due to item reclassification, thousand rubles	Replacement or historical cost as of the end of the year	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Replacement or historical cost as of the beginning of the year (01.01.2008) with changes in opening balance after revaluation, thousand rubles
	preceding the reporting period (31.12.2007), thousand rubles		preceding the reporting period (31.12.2007) with changes in opening balance, thousand rubles		
2	4	5	6	7	

Production buildings	9 559 183	-45	9 559 138	1 168 321	10 727 459
Hydraulic structures	258	0	258	41	299
Power transmission lines and accessories	107 803 441	7 100	107 810 541	1 614 911	109 425 452
Heating networks	45	0	45	8	53
Equipment and plants	298 905	3 878	302 783	121 962	424 745
Power equipment	72 563	0	72 563	2 322	74 885
Electric power substations	47 161 582	-4 565	47 157 017	2 226 005	49 383 022
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	490 218	38 431	528 649	582	529 231
Other	22 720 270	-44 799	22 675 471	1 229 229	23 904 700
					0
Total balance cost of fixed assets	188 106 465	0	188 106 465	6 363 381	194 469 846

Name of group	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2007), thousand rubles	Changes in opening balance due to item reclassification, thousand rubles	Accumulated depreciation as of the end of the year preceding the reporting period (31.12.2007) with changes in opening balance, thousand rubles	Revaluation of fixed assets as of the beginning of the reporting period, thousand rubles	Accumulated depreciation as of the beginning of the year (01.01.2008) with changes in opening balance after revaluation, thousand rubles
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Production buildings	2 384 933	1 846	2 386 779	268 432	2 655 211
Hydraulic structures	163	0	163	27	190
Power transmission lines and accessories	50 164 450	5 631	50 170 081	793 322	50 963 403
Heating networks	28	0	28	5	33
Equipment and plants	169 533	2 932	172 465	19 429	191 894
Power equipment	37 916	0	37 916	1 345	39 261
Electric power substations	13 349 021	3 294	13 352 315	748 272	14 100 587
Nonproductive capital assets	0	0	0	0	0
Fixed assets which cost is up to 10000 rubles for a unit	490 218	20 818	511 036	223	511 259
Other	7 396 201	-34 521	7 361 680	430 770	7 792 450
For reference. Depreciation accumulated in accordance with account 08			0		0
Total accumulated depreciation of fixed assets	73 992 463	0	73 992 463	2 261 825	76 254 288
					0
Total depreciated cost of fixed assets	114 114 002	0	114 114 002	4 101 556	118 215 558
Equal to line 120 of the balance-sheet	120				

Information on plans for acquiring, replacing, retiring fixed assets which cost is 10 or more percent of the cost of issuer's fixed assets and any other fixed assets at the issuer's discretion:

There are no such plans.

Information on all encumbrances of issuer's fixed assets (stating the nature of encumbrance, date of encumbrance, duration and any other conditions at the issuer's discretion):

There are no encumbrances of fixed assets.

IV. DATA ON THE ISSUER'S FINANCIAL AND ECONOMIC ACTIVITY

4.1. RESULTS OF THE ISSUER'S FINANCIAL AND ECONOMIC ACTIVITY

4.1.1. PROFIT AND LOSS

Dynamic changes in parameters describing profitability or loss ratio of the Issuer within the 5 last completed fiscal years:

Parameter name	2003	2004	2005	2006	2007
Sale proceeds, in thousands of rubles	17 229 460	23 249 655	29 866 866	53 599 546	61 384 715
Gross profit, in thousands of rubles	2 100 173	5 301 176	6 632 459	10 230 926	9 354 884
Net profit (undistributed earnings (unrecovered loss)), in thousands of rubles	1 048 953	2 166 760	1 997 066	1 833 484	2 296 167
Return on equity (ROE), in %	0,86	1,68	1,48	1,31	1,12
Return on assets, in %	0,85	1,58	1,26	0,85	0,77
Net profitability ratio, in %	6,09	9,32	6,69	3,42	3,74
Profitability of production (sales), %	9,09	17,96	17,86	15,59	10,23
Ratio of capital turnover, in times	0,14	0,17	0,19	0,32	0,27
Unrecovered loss amount as of reporting date, in thousands of rubles	398 018,00	0,00	0,00	0,00	0,00
Unrecovered loss as of reporting date – to - balance-sheet total ratio, in %	0,32	0,00	0,00	0,00	0,00

Dynamic changes in parameters describing profitability or loss ratio of the Issuer within the quarter under review:

No.	Parameter name	Unit of measurement	1 st quarter of the year 2007		1 st quarter of the year 2008	
			Formal assessment on the basis of the accounting data	Assessment in view of contributions into the authorized capital	Formal assessment on the basis of the accounting data	Assessment in view of contributions into the authorized capital
1.	Sale proceeds	Millions of rubles	14 686		16 692	
2.	Gross profit,	Millions of rubles	4 876		3 976	
3.	Net profit	Millions of rubles	2 946		2 031	
4.	Return on equity	%	2.00%	1.43%	0.96%	0.73%
5.	Return on assets	%	1.19%		0.63%	
6.	Net profitability ratio	%	20.06%		12.17%	
7.	Profitability of production (sales)	%	33.20%		23.82%	
8.	Ratio of capital turnover	times/year	0.08	0.06	0.07	0.06
9.	Unrecovered loss amount as of reporting date	Millions of rubles	0		0	
10.	Unrecovered loss as of reporting date – to - balance-sheet total ratio	%	0.00		0.00	

The amount of net profit judging by results of 1st quarter of 2008 was equal to 2 031 million rubles, which is less by 915 million rubles (by 31.1%) than in the similar period of 2007. The decrease in net profit is connected to objective growth of the production costs and specific features of tariff regulation of profits.

Reduction in the ratio of return on equity in the 1st quarter of 2008 in comparison with the 1st quarter of 2007 is caused by the outrunning growth of the own capital (net worth).

The decrease in the ratio of return on assets in 1st quarter of 2008 by 47.3% in comparison with 1st quarter of 2007 is brought about by the outrunning growth of balance-sheet total caused by conveyance of assets (contributions into the authorized capital).

The net profitability ratio in 1st quarter of 2008 has decreased by 39.3% compared to this ratio in 1st quarter 2007, as a result of indexation of the tariff for transmission of electric power, growth in volume of services, and specific features of tariff regulation.

The ratio of profitability of sales in 1st quarter of 2008 has decreased by 28.3% in comparison with its value in the similar period of 2007 because of an objective growth of the production costs and specific features of tariff regulation of profit.

The specific character of the Company's activity has the following peculiarities of formation of financial results and profitability management:

The company bears expenses while proceeding from technological requirements of operating the electric power grid installations of the UNEG, a pre-set volume of incomes, and policy of development of the company;

The Company's incomes are determined in accordance with tariffs established by the Federal Tariff Service and data about the declared electric power consumption of consumers connected to the UNEG;

Planning of profitability is done while proceeding from the level of planned incomes and the amount of expenses on corrective and operational maintenance of electric power grid installations of the UNEG.

Calculation of parameters was done in accordance with a technique recommended by the Regulations about disclosures of information.

Economic analysis of profitability / loss ratio of the Issuer while proceeding from dynamic changes in the displayed parameters:

- in 2003-2007 there has been a tendency toward growth of sales proceeds and gross profit; however the resulting gross profit of 2007 decreased a little in comparison with its level in 2006;

- within the considered period, changes in values of the net profit do not display any pronounced tendency;

- parameters of return on equity, return on assets and profitability of production (sales) in 2003 - 2007 have had no pronounced tendency: after a short-time growth, a decline of their values started, as was observed from 2005 to 2007;

- the factor of net profit in 2003 - 2006 had no pronounced tendency toward change;

- within 2003-2006 there has been a trend toward growth of ratio of capital turnover, but in 2007 this parameter decreased slightly;

- in 2003 there was some unrecovered loss, while in 2004 - 2007 the ratio of unrecovered loss as of reporting date – to - balance-sheet total was equal to zero.

Information on reasons which, in opinion of the Issuer's management bodies, have led to the losses/profits of the Issuer, as reflected in the financial accounting reports for the 5 completed fiscal years:

The JSC FGC UES has been established as an organization managing the Unified National (All-Russian) Electric Power Grid (hereinafter referred to as the UNEG) for the purpose of its preservation and development, which determines the specifics of its activity, as well as specific features of generation of its incomes and expenses.

This peculiarity of the Company's activity determines the following special features of formation of financial results and profitability management:

- The Company's incomes were determined in accordance with tariffs established by the Federal Tariff Service and requests about electric power supply from the UNEG to the connected Distribution Grid Companies (*rus*: RSK) and to consumers, based on consolidated balance accounting, according to data about declared power consumption of consumers connected to the UNEG.

- The Company bears expenses while proceeding from technological requirements of operating the electric power grid installations of the UNEG, pre-set volume of incomes, and policy of development of the company.
- Planning of profitability is done while proceeding from the level of planned incomes and the amount of expenses on corrective and operational maintenance of electric power grid installations of the UNEG.

Opinions of various management bodies of the Issuer in respect of the mentioned reasons and degrees of their influence on parameters of the issuer's financial and economic activity coincide.

There is no special opinion of a member of the Issuer's Board of Directors or a member of the collegiate executive body of the Issuer about the mentioned reasons and/or degrees of their influence on parameters of the issuer's financial and economic activity, and no such special opinion is stated in the minutes of the meeting of the Issuer's Board of Directors or the collegiate executive body, where respective issues were considered.

4.1.2. The factors that have influenced the changes in the amount of sales proceeds received by the issuer from selling goods, products, works, services, and profits (losses) of the issuer as a result of its primary activity.

Factors (influence of inflation, changes in foreign currency exchange rates, decisions of the state authorities, other economic, financial, political and other factors) which, in opinion of management bodies of the Issuer, have influenced the changes in the amount of the earnings received by the issuer from selling the goods, products, works, services, expenses on their production and sale (production costs), and profits (losses) in primary activity within the 5 last completed fiscal years, and assessment of influence which, in opinion of the above-mentioned management bodies of the issuer, each of the above-mentioned factors has exerted on the above-mentioned parameters of the issuer's financial and economic activity:

- Increase in volume of servicing the various power grids;
- Increase in tariffs for services consisting in transmission of electric power through the UNEG;
- Inclusion of payments for technological losses in the UNEG power grids into the service prices to be paid by consumers;
- Inclusion of payments for expenses on servicing additional power grids in Backbone grid Companies (*rus*: MSK) into the total service fees to be paid by consumers;
- Growth of incomes from rendering specialized services in unplanned types of activity.

The above factors are the main ones among the one that have influenced growth in the amount of proceeds, production costs and profits (losses) from the primary activity.

Assessment of influence of these factors: in connection with the fact that the above-mentioned factors are principal, they have rendered prevailing influence on the growth in amounts of proceeds, production costs and profits (losses) from the primary activity.

Opinions of various management bodies of the Issuer in respect of the mentioned factors and/or degrees of their influence on parameters of the issuer's financial and economic activity coincide.

There is no special opinion of a member of the Issuer's Board of Directors or a member of the collegiate executive body of the Issuer about the mentioned factors and/or degrees of their influence on parameters of the issuer's financial and economic activity, and no such special opinion is stated in the minutes of the meeting of the Issuer's Board of Directors or the collegiate executive body, where respective issues were considered.

4.2. Liquidity of the issuer, sufficiency of the capital and circulating/floating assets.

Parameter name	2003	2004	2005	2006	2007
Own circulating assets, in thousands of	6 033 254	3 418 264	-4 805 598	-43 080 114	-31 081 724

rubles					
Permanent asset index	0,95	0,97	1,04	1,31	1,15
Current liquidity ratio	6,16	3,52	3,47	0,70	0,87
Acid (quick) liquidity ratio	4,10	2,04	1,99	0,62	0,82
Equity-assets ratio	0,93	0,94	0,85	0,65	0,69

No.	Parameter name	Unit of measurement	1 st quarter of the year 2007		1 st quarter of the year 2008	
			Formal assessment on the basis of the accounting data	Assessment in view of contributions into the authorized capital	Formal assessment on the basis of the accounting data	Assessment in view of contributions into the authorized capital
1.	Own circulating assets	Millions of rubles	0	19 456	0	30 855
2.	Permanent asset index	Units	1.27	0.91	1.18	0.89
3.	Current liquidity ratio	Units	0.86	5.01	0.84	3.33
4.	Acid (quick) liquidity ratio	Units	0.80	4.70	0.79	3.14
5.	Equity-assets ratio	Units	0.59	0.83	0.65	0.86

While taking into account that the debt before the company founders in the aspect of contributions into the authorized capital - amounting to 67 830 million rubles - is virtually the authorized capital, by results of 1st quarter of 2008 the own circulating/floating assets have amounted to 30 855 million rubles (which is more than this parameter's value in the similar period of 2007 by 58.6%), which means that the ownership capital covers 40% of the Company's floating assets (working capital).

The value of permanent asset index shows the portion of fixed (non-current) assets and long-term receivables in the shareholder's equity. Reduction of the permanent asset index in the 1st quarter of 2008, in comparison with this parameter in the 1st quarter of 2007, is caused by out-running growth of an ownership capital compared to growth of fixed (non-current) assets, which is connected to special features of implementation of the investment program.

According to estimates made on the basis of financial accounting reports, parameters of liquidity as per results of 1st quarter of 2008, prove the Company's ability to settle (extinguish) its current liabilities by 80 or more percent. JSC FGC UES retains an admissible level of financial independence, i.e. the Company's ownership capital is the source of financing of 65% of its assets.

In view of the fact that indebtedness before the company founders in the aspect of contributions into the authorized capital in the amount of 59 084 million rubles in the 1st quarter of 2007 and 67 830 million rubles in the 1st quarter of 2008 is actually the authorized capital, liquidity parameters as per results of the 1st quarter of 2007 and of 2008 is an evidence of the Company's ability to extinguish completely its current liabilities. On the whole, JSC FGC UES retains a high level of liquidity with constant stability and a low level of financial dependence, while the ownership capital of the Company finances 86% of all its assets.

Calculation of parameters was made by using a technique recommended by Regulations about disclosing information.

Economic analysis of liquidity and solvency of the Issuer, sufficiency of the Issuer's ownership capital for fulfillment of current liabilities and for covering the Issuer's current operating expenses done on the basis of economic analysis of dynamic changes in the demonstrated parameters, as well as description of factors which, in opinion of management bodies of the issuer, have led to such changes in the demonstrated parameters that equal 10 or more percent in comparison with the previous accounting period:

The amount of own circulating/floating assets characterizes that part of the enterprise's ownership capital which is a source of covering its current assets (i.e. assets having a turn-around time shorter than one year). This is a specified rate which depends on both the structure of assets, and on the structure of sources of finances. The presented data show that the Issuer has had defi-

ciency of own circulating/floating assets in 2005 – 2007, which negatively affects the Issuer's liquidity and solvency, sufficiency of its ownership capital. Throughout the period under review one may observe a tendency toward decrease in this parameter. In 2003-2004 the parameter of own circulating/floating assets was at a high / good enough level.

The value of permanent asset index has exceeded one unit in 2005, 2006, 2007, which is confirmed with negative values of own circulating/floating assets within these years. This value of the index shows that the sum of fixed (non-current) assets and long-term debts receivable exceeds the ownership capital – which is a negative fact.

Within all period under review, current liquidity ratio tended to decrease, which, in itself, in view of its high value in 2003, may be considered a positive fact, because the ratio's normative value lies within the interval between 1 and 2. Values of this parameter witness of high enough level of liquidity and solvency of the Issuer, except for the years 2006-2007, when this parameter fell down to 0.7 and 0.87 accordingly, which is below the norm. A major factor leading to the current liquidity ratio's reduction in 2004 was growth of current liabilities. An important factor bringing this parameter down in 2006, was also considerable growth of current liabilities.

The acid (quick) liquidity ratio during all period under review tended to decrease, which, in itself, taking into account its high value in 2003, may be considered a positive fact, because the ratio's normative value lies within the interval between 0.7 and 0.8. Values of this parameter witness of high enough level of liquidity of the Issuer, except for 2006, when this parameter went down to 0.62, which is below the norm. A major factor leading to the acid (quick) liquidity ratio's reduction in 2004, was growth of current liabilities. An important factor bringing this parameter down in 2006, was also considerable growth of current liabilities.

The equity-assets ratio shows the percentage of ownership capital within assets and characterizes the degree of financial independence from creditors. This ratio has no pronounced tendency to change. Values of this parameter during all period under review are at a sufficiently good level, which demonstrates a certain degree of financial stability of JSC FGC UES.

Opinions of various management bodies of the Issuer in respect of the mentioned factors and/or degrees of their influence on parameters of the issuer's financial and economic activity coincide.

There is no special opinion of a member of the Issuer's Board of Directors or a member of the collegiate executive body of the Issuer about the mentioned factors and/or degrees of their influence on parameters of the issuer's financial and economic activity, and no such special opinion is stated in the minutes of the meeting of the Issuer's Board of Directors or the collegiate executive body, where respective issues were considered.

4.3. AMOUNT AND STRUCTURE OF THE CAPITAL AND CIRCULATING/FLOATING ASSETS OF THE ISSUER

4.3.1. AMOUNT AND STRUCTURE OF THE CAPITAL AND CIRCULATING/FLOATING ASSETS OF THE ISSUER

Information on the 5 last completed fiscal years and on the last accounting quarter:

Parameter name	2003	2004	2005	2006	2007	1st quarter of 2008
a) amount of the Issuer's authorized capital, in thousands of rubles	127 000 000	121 607 242	121 607 242	121 607 242	180 691 104	180 691 104
б) value of shares redeemed by the Issuer for resale, in thousands of rubles, with indication of percentage of such shares among placed ones	- 7 072 799; 5,6%	–	–	–	–	–
в) amount of reserve capital, generated from deductions made from the Issuer's profit, in thousands of rubles	–	52 448	1 782 195	3 411 969	4 657 605	4 657 605
г) amount of added capital reflect-	2 086 049	5 731 591	9 322 392	13 126 449	16 994 046	21 093 877

ing increment in the value of assets, revealed as a result of revaluations, and reflecting the difference between sales price (placing price) and nominal value of shares (blocks of shares) of the Company, due to selling the shares at a price exceeding the nominal value, in thousands of rubles						
д) amount of undistributed net profit, in thousands of rubles	-398 018	1 729 747	2 017 390	1 932 307	2 442 736	2 030 929
е) total amount of the Issuer's capital, in thousands of rubles	121 615 232	129 121 028	134 729 219	140 077 967	204 785 491	210 917 974

The amount of the authorized capital demonstrated in the present item, corresponds to the amount of authorized capital stipulated in constituent instruments of the Issuer.

Amount of circulating/floating assets of the Issuer according to the Issuer's financial accounting reports (in thousands of rubles):

Parameter name	2003	2004	2005	2006	2007	1 st quarter of 2008
Reserves	961 379	1 419 356	1 458 364	2 275 327	2 238 267	2 838 374
Value added tax on the acquired values	1 447 991	3 510 575	6 141 694	1 364 869	1 731 506	1 529 327
Debts receivable (payments expected within more than 12 months)	–	–	1 513 266	483 485	605 359	605 359
Debts receivable (payments expected within the next 12 months)	3 539 201	6 669 958	8 581 716	21 529 762	42 267 665	44 970 244
Short-term financial investments	1 248	52	300 422	929 091	3 930 420	20 930 569
Money resources	1 252 278	164 736	1 341 762	5 457 948	9 991 374	5 993 319
Other circulating assets	–	–	–	–	–	–

Structure of circulating/floating assets of the Issuer according to the Issuer's financial accounting reports (in percentage of the total amount of circulating/floating assets):

Parameter name	2003	2004	2005	2006	2007	1 st quarter of 2008
Reserves	13.35%	12.06%	7.54%	7.10%	3.68%	3.69%
Value added tax on the acquired values	20.11%	29.84%	31.76%	4.26%	2.85%	1.99%
Debts receivable (payments expected within more than 12 months)	0.00%	0.00%	7.83%	1.51%	1.00%	0.79%
Debts receivable (payments expected within the next 12 months)	49.14%	56.69%	44.38%	67.20%	69.56%	58.50%
Short-term financial investments	0.02%	0.00%	1.55%	2.90%	6.47%	27.23%
Money resources	17.39%	1.40%	6.94%	17.03%	16.44%	7.80%
Other circulating assets	–	–	–	–	–	–

Sources of financing the circulating/floating assets of the Issuer: incomes from usual types of activity.

The Issuer policy in respect of financing the circulating/floating assets; factors which can entail changes in the policy of financing the circulating/floating assets, and estimated probability of their occurrence:

As regards financing the working/floating capital, the policy of JSC FGC UES stipulates implementation of measures along the following lines:

- Optimization of volume and structure of financial sources, while ensuring an effective utilization of ownership capital and sufficient financial stability;

- Cooperation with a number of large banks with a view to short-term crediting and optimizing the interest rates.

Certain variations in the policy of financing the circulating/floating assets may also be influenced by the following factors:

- Toughening of demands and claims from creditors. In such a case, the Issuer is compelled to extinguish accounts payable through attraction of paid borrowed funds, while replacing the accounts payable before suppliers and contractors with loan indebtedness before banks and credit institutions. But the probability of occurrence of this factor is low, in opinion of the Issuer.

- Changes in correlation between interest rates for long-term credits and short-term credits. If the rate for long-term credits gets reduced compared to short-term ones, the Issuer will replace short-term credits with long-term credits and loans. But the probability of occurrence of this factor is low, in opinion of the Issuer.

4.3.2. FINANCIAL INVESTMENTS OF THE ISSUER.

Financial investments which equal 10 and more percent of all financial investments as of the ending date of the 1st quarter of 2008, are absent.

Finances of the Issuer have not been placed on deposit accounts or other accounts in banks and other credit institutions whose licenses have been suspended or withdrawn, or in credit institutions in respect of which a decision has been taken to carry out their reorganization, liquidation, to start a procedure of bankruptcy or of recognition of such organizations to be insolvent (bankrupt).

Standards (rules) of financial accounting, according to which the Issuer has made the calculations stated in the present item of the quarterly report, are the Russian Accounting Standards (RSBU).

4.3.3. INTANGIBLE/IMMATERIAL ASSETS OF THE ISSUER

Information on the structure of intangible/immaterial assets, on initial value (reinstatement value) of intangible/immaterial assets and amount of the added depreciation & amortization for 2007 and the 1st quarter of 2008:

Accounting date: 12/31/2007

Immaterial asset category/group	Initial value, in rubles	Accumulated depreciation amount, in rubles
Patent for useful model No.34818 «Compensator»	10 000	-
Patent for useful model No.35039 «Vysokovoltnyi (High-Voltage)»	10 000	-
Program for collection, primary and complete processing of information on computers	1 030 000	-
JSC FGC UES trade mark logo	246 000	86 100
Patent for useful model No.36065 «Device Prod.Kom.»	130 000	-
Computer software by application No.2004610967 Agrt No.15/04	520 000	476 666,52
Computer software «Calcul. & select. of circuit breaking param.»	820 000	369 000,09
Computer software by application No.2004612623 Agrt No.15/04	555 000	431 666,76
Computer software «Calc. of optim. short circuit protec. in grids»	825 000	371 250,0

Computer software by application No.2004610966 Agrt No.361	7 145 000	4 961 805,5
Computer software «Modeling & analysis of energy systems»	4 075 000	2 829 861,00
Film «FGC. Working in energized condition»	877 076,83	535 991,5
IPK ISUPR database	603 275 252,85	130 709 638,15
IPK ISUPR programmed installation	251 222 272,43	54 431 492,31
Automatic info-measur. system of power metering (AIIS KUE)	155 158 315,41	-
Automatic Document Managing Program (ASUD)	28 966 365,09	6 638 125,34

Accounting date: 3/31/2008

Ser.Nos.	Immaterial asset category/group	Initial value	Accumulated depreciation amount
1	Patent for useful model No.34818 «Compensator»	10 000	-
2	Patent for useful model No.35039 «Vy-sokovoltniy (High-Voltage)»	10 000	-
3	Program for collection, primary and complete processing of information on computers	1 030 000	-
4	JSC FGC UES trade mark logo	159 900,00	6 150,00
5	Patent for useful model No.36065 «Device Prod.Kom.»	130 000	-
6	Computer software by application No.2004610967 Agrt No.15/04	43 333,48	43 333,33
7	Computer software «Calcul. & select. of circuit breaking param.»	450 999,91	41 000,00
8	Computer software by application No.2004612623 Agrt No.15/04	123 333,24	46 250,00
9	Computer software «Calc. of optim. short circuit protec. in grids»	453 750,00	41 250,00
10	Computer software by application No.2004610966 Agrt No.361	2 183 194,5	595 416,67
11	Computer software «Modeling & analysis of energy systems»	1 245 139,00	339 583,33
12	Film «FGC. Working in energized condition»	341 085,33	73 089,74
13	IPK ISUPR database	472 565 614,7	30 163 762,64
14	IPK ISUPR Programmed installation	196 790 780,12	12 561 113,62
15	Automatic info-measur. system of power metering (AIIS KUE)	155 158 315,41	9 697 394,71
16	Automatic Document Managing Program (ASUD)	22 328 239,75	1 810 397,82 (4 827 727,52 adjustment)
17	Computer software «Air reactor»	111 465,00	18 577,5
	Total	853 135 150,44	50 609 591,84

Intangible/immaterial assets have neither been added to the authorized capital, nor have arisen (have been delivered) gratuitously.

Standards (rules) of financial accounting, according to which the Issuer discloses information about its intangible/immaterial assets, are the Russian Accounting Standards (RSBU).

4.4. DATA ON THE POLICY AND EXPENSES OF THE ISSUER IN THE FIELD OF SCIENTIFIC AND TECHNICAL DEVELOPMENT, IN RESPECT OF LICENSES AND PATENTS, NEW RESEARCH AND DEVELOPMENT

Scientific and technical activity of the JSC FGC UES is aimed at working out, establishing, developing, introducing into the UNEG, the progressive and effective technologies and equipment, as well as working out respective specifications and technical documentation for development and reliable operation of power grids of the UNEG.

The policy of JSC FGC UES in 2008 in the field of scientific and technical development in respect of licenses and patents, new developments and researches is being carried out within the framework of activity aimed at fulfilling the integrated scientific and technical programs approved by the management of JSC FGC UES and being implemented by JSC «NTTs Elektroenergetiki (Scientific and Technological Center of Electric Power Industry)»:

1. Comprehensive program for development and creation of advanced technologies and equipment for the UNEG:

1.1. Program of creating electrotechnical equipment complexes and technologies of controllable transmissions of alternating current.

1.2. Program of creating electric equipment complexes on the basis of superconducting technologies.

1.3. Program of working out designing solutions, equipment, systems and monitoring methods for creating new generations of power transmission lines and electric power substations.

1.4. Program of improving the automated systems of technological control and communication.

1.5. Program for development and improvement of methodological support connected to creating new technologies and new equipment for the UNEG.

2. Comprehensive program for prospective development, improvement of operational control of and enhancing reliability of the UNEG:

2.1 Program for developing the electric power grids of the UNEG.

2.2. Program for ensuring reliability and quality of services during transmission of electric power.

2.3. Program for reducing power losses and improving energy quality in the UNEG.

2.4. Program aimed at development and improvement of operational dispatch management

3. Comprehensive program for improvement of operation, maintenance servicing and repair of installations of the UNEG.

3.1. Program for analysis of the current situation and discovery of 'bottlenecks' in electric power grids.

3.2. Program for creation of new technologies, accessory and tackling equipment and materials for operation, maintenance servicing and repairs of the UNEG.

3.3. Program for working out and improving the methodological support for operational use, maintenance servicing and repairs of installations in the UNEG.

By the end of 1st quarter of 2008, the JSC FGC UES is a legal owner of the following patents and certificates:

- copyright protection certificate of the Russian Federation No.267439 dated 4/20/2004 for the trade mark (service mark) of JSC FGC UES. The priority date of this trade mark is 10/30/2003. Validity of registration expires on 10/30/2013;

- patent of the Russian Federation No.35039 dated 12/20/2003 for useful model «High-voltage disconnecting link (circuit breaker)». The priority date of the useful model is 9/18/2003. The patent's validity expires on 9/18/2008 + the Appendix dated 1/15/2008;

- patent of the Russian Federation No.34818 dated 12/10/2003 for useful model «Reactance capacity compensator». The priority date of useful model is 8/28/2003. Patent validity expires on 8/28/2008 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.36065 dated 20.02.04 for useful model «Device for series compensation of parameters in a transmission line». The priority date of useful model is 12/4/2003. Patent validity expires on 12/4/2008 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.42706 dated 12/10/2004 for useful model «Spark arrester». The priority date of useful model is 8/31/2004. Patent validity expires on 8/30/2012 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.2231205 dated 6/20/2004 for the invention «Method of controlling the voltage converter». The priority date of the invention is 10/10/2002. Patent validity expires on 10/10/2008;
- patent of the Russian Federation No.40530 dated 9/10/2004 for useful model «Capacitor battery». The priority date of useful model is 5/20/2004. Patent validity expires on 5/20/2009 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.49072 dated 11/10/2005 for useful model «Intermediate support of an overhead transmission line ». The priority date of useful model is 6/7/2005. Patent validity expires on 6/7/2010 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.51447 dated 2/10/2006 for useful model «Device for flexible coupling of non-synchronous power supply systems». The priority date of useful model is 9/30/2005. Patent validity expires on 9/30/2010;
- patent of the Russian Federation No.52254 dated 3/10/2006 for useful model «High-voltage disconnecting link (circuit breaker)». The priority date of useful model is 9/13/2005. Patent validity expires on 9/13/2010 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.2275647 dated 4/27/2006 for the invention «Method of diagnostics of a supporting high-voltage rod ceramic insulator». The priority date of useful model is 7/2/2003. Patent validity expires on 7/2/2023;
- patent of the Russian Federation No.52786 dated 4/27/2006 for useful model «Mobile/transportable workshop in a car van». The priority date of useful model is 11/23/2005. Patent validity expires on 11/23/2010;
- patent of the Russian Federation No.55222 dated 7/27/2006 for useful model «Device for controlling a capacitor voltage regulator». The priority date of useful model is 2/26/2006. Patent validity expires on 2/26/2011 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.55223 dated 7/27/2006 for useful model «Device for compensation of reactance capacity». The priority date of useful model is 3/14/2006. Patent validity expires on 3/14/2011 + the Appendix dated 1/15/2008;
- patent of the Russian Federation No.2280934 dated 7/27/2006 for the invention «Method of controlling the device of compensation of reactance capacity ». The priority date of the invention is 3/30/2005. Patent validity expires on 3/30/2025;
- patent of the Russian Federation No.58221 dated 11/10/2006 for useful model «Device for acoustic-emission control». The priority date of useful model is 5/31/2006. Patent validity expires on 5/31/2011;
- patent of the Russian Federation No.58246 dated 11/10/2006 for useful model «Device for controlling optically a high-voltage switchboard». The priority date of useful model is 5/31/2006. Patent validity expires on 5/31/2011;
- patent of the Russian Federation No.58258 dated 11/10/2006 for useful model «Damping resistor for high-voltage disconnecting link (circuit breaker)». The priority date of useful model is 5/31/2006. Patent validity expires on 5/31/2011;
- patent of the Russian Federation No.59651 dated 12/27/2006 for useful model "Fundament (Foundation)". The priority date of useful model is 8/3/2006. Patent validity expires on 8/3/2011;

- patent of the Russian Federation No.2316867 dated 2/10/2008 for the invention «Combined installation for smelting glaze-clear ice and for compensation of reactance capacity». The priority date of the invention is 8/11/2006. Patent validity expires on 8/11/2026;
- certificate of the Russian Federation No.2003612552 dated 11/21/2003 about official registration of the computer software program «Software complex of collection, primary processing and transmission of information (PKS PoiPI)». Validity – throughout life-time + 50 years after the death of the last surviving author.
- certificate of the Russian Federation No.2004611546 dated 6/24/2004 about official registration of the computer software program «Complex of typified system-type software for the local and centralized emergency control devices (KTSP0)». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2004612081 dated 9/10/2004 about official registration of the computer software program «Comprehensive program for calculation of efficiency of rope shielding of overhead transmission lines and concentrated installations of electric power industry against direct strokes of lightning (Uni_light)». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2004611547 dated 6/24/2004 about official registration of the computer software program «Information-analytical system assessing the technical condition and operating conditions of electric power grid equipment (at the level of JSC FGC UES) (IAS FSK)». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2004612493 dated 11/11/2004 about official registration of the computer software program «Calculation and selection of parameters of over-current release of direct current circuit breakers». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2005610072 dated 1/11/2005 about official registration of the computer software program «Calculation of short circuit currents in the grid of direct operative current». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2005610081 dated 1/11/2005 about official registration of the computer software program «Program for Modeling and analyzing electric power systems». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2005610442 dated 2/16/2005 about official registration of the computer software program «Information-analytical system assessing the condition and operating modes of electric power grid equipment (at the level of branches of JSC FGC UES (PMES - Backbone grid enterprise))». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2005612967 dated 11/14/2005 about official registration of the computer software program «Module of acoustic data transfer (LogoTransfer 1.0)». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2005612968 dated 11/14/2005 about official registration of the computer software program «Module of acoustic data transfer (LogoWork 1.0)». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2006610607 dated 2/13/2006 about official registration of the computer software program «Special software for a typical software-technical complex for testing digital devices of relay protection and emergency automatics of electric systems». Validity - throughout life-time + 50 years after the death of the last surviving author;
- certificate of the Russian Federation No.2006612987 dated 8/21/2006 about official registration of the computer software program «Integration of business applications of FGC UES (IBP FSK YeES)». Validity - throughout life-time + 50 years after the death of the last surviving author.
- certificate of the Russian Federation No.2006613617 dated 10/18/2006 about official registration of the computer software program «Automated system of administrative document

circulation of JSC FGC UES (ASUD FSK YeES)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2006614272 dated 12/13/2006 about official registration of the computer software program "Program complex «InfoBasis» (personal computer «InfoBasis»)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2006614273 dated 12/13/2006 about official registration of the computer software program "Program complex «InfoAdmin» (personal computer «InfoAdmin»)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007611959 dated 5/15/2007 about official registration of the computer software program «Automated accounting and reporting system at PMES (Backbone grid enterprises) for MES (Backbone grids) of the Northwestern Area of JSC FGC UES on the platform mySAP Business Suite (ASU TPR-Rasshireniye)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007611960 dated 5/15/2007 about official registration of the computer software program «System of storage and display of normative and reference information SPK KISU of JSC FGC UES (SOI SPK)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007611961 dated 5/15/2007 about official registration of the computer software program «Automated accounting and reporting system of branches of JSC FGC UES on the platform mySAP Business Suite (ASU TPR-Tirazh)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007611962 dated 5/15/2007 about official registration of the computer software program «Automated accounting and reporting system of the Management of MES (Backbone grids) of the Northwestern Area of JSC FGC UES on the platform mySAP Business Suite (ASU TPR)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007612076 dated 5/22/2007 about official registration of the computer software program "Automated planning, budgeting and analytical reporting system of the Central Management and Directorates of the MES of JSC FGC UES (ASPB)". Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007612077 dated 5/22/2007 about official registration of the computer software program «Automated control system «Zarplata (Salary)» (ASU «Zarplata»)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007612078 dated 5/22/2007 about official registration of the computer software program «Corporate information system of management «Kadry (Personnel)» (KISU «Kadry»)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007612432 dated 6/8/2007 about official registration of the computer software program "Program complex «Adviser on operational switchings» (PK ESPER)". Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007612433 dated 6/8/2007 about official registration of the computer software program "Automated system of analytical reporting on document circulation statistics of JSC FGC UES (AS «ASUD-S)». Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007612434 dated 6/8/2007 about official registration of the computer software program «Program complex "Automated system of analytical reporting" (PK "KAC")». Validity - throughout life-time + 50 years after the death of the author.

- certificate of the Russian Federation No.2007614193 dated 10/3/2007 about official registration of the computer software program «Software product "Formation of accounting reporting

- for registration of acceptance of the Backbone grid property» (PS ESI) » Validity - throughout life-time + 50 years after the death of the last surviving author
- certificate of the Russian Federation No.2007614207 dated 10/3/2007 about official registration of the computer software program «Corporate information system of management «Personnel-development» (KISU «Kadry-Razvitiye»)). Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007614206 dated 10/3/2007 about official registration of the computer software program «Corporate information system for managing the maintenance servicing and equipment repairs on the platform mySAP Business Suite» (ASU ToiR)). Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007614215 dated 10/3/2007 about official registration of the computer software program "Automated system for monitoring and analyzing data" (ASKiA). Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007614216 dated 10/3/2007 about official registration of the computer software program "Software product «Control over and coordination of lists of property» (PS KSPI)". Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007614265 dated 10/8/2007 about official registration of the computer software program "Corporate information system «Byudzheth/Rasshireniye (Budget/expansion)» on the platform mySAP Business Suite (KISU «Byudzheth/Rasshireniye»)". Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007614266 dated 10/8/2007 about official registration of the computer software program «Centralized system of formation of regular intracorporate accounting reports for subordinated business units of the Grid ("Otchetnost BE SETI"))». Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007614267 dated 10/8/2007 about official registration of the computer software program «Technological database on electric grid property of FGC (TBD ESI)». Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007614264 dated 10/8/2007 about official registration of the computer software program «Corporate system for managing the resources distributed throughput space, with display of graphic information, measurements and with supervision of spatial-technical condition of overhead transmission lines (KSUPR +)». Validity - throughout life-time + 50 years after the death of the author.
 - certificate of the Russian Federation No.2007615105 dated 12/12/2007 about official registration of the computer software program "Software product «Automated system of coordination of a client's application for connection to the grid, on the basis of mySAP Business Suite» (Software product «Coordination of application»)). Validity - throughout life-time + 50 years after the death of the last surviving author.
 - certificate of the Russian Federation No.2007615106 dated 12/12/2007 about official registration of the computer software program "Software product «Management of process of a client's connection to the FGC» (software product «Client Connection Management»)". Validity - throughout life-time + 50 years after the death of the last surviving author.
 - certificate of the Russian Federation No.2007615107 dated 12/12/2007 about official registration of the computer software program "Program module «Electric Diagram» BDTs (IIM «Elektroskhema» BDTs)". Validity - throughout life-time + 50 years after the death of the last surviving author.
 - certificate of the Russian Federation No.2007615108 dated 12/12/2007 about official registration of the computer software program "Program module «Power grids of the UNEG» (PM «Seti YeNES»)". Validity - throughout life-time + 50 years after the death of the last surviving author.
 - certificate of the Russian Federation No.2007615117 dated 12/12/2007 about official registration of the computer software program "Information system «Efficiency Quality Factor

(KPE) - Motivation» (IS «KPE - Motivation»)". Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007615118 dated 12/12/2007 about official registration of the computer software program «Automated system for managing the business process of preparation of normative and reference information («ASUBP-NSI»)). Validity - throughout life-time + 50 years after the death of the author.

- certificate of the Russian Federation No.2007615119 dated 12/12/2007 about official registration of the computer software program "Program module «Questionnaire survey for assessing the competences of employees» (PM «Anketirovaniye»)". Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007615120 dated 12/12/2007 about official registration of the computer software program «Automated system of analytical reporting for access of the Central Management and a MES(Backbone grid)-Center to the source/primary accounting data of a PMES (Backbone grid enterprise), for consolidation of accounting data and taxation/fiscal accounting data on the basis of source/primary data stored in the database «1C» (PK «KISU-Analitika-2»)". Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007614357 dated 10/12/2007 about official registration of the computer software program «Technological information system of Operation Modes Service «FSKNetExpense» (TIS SR «FSKNetExpense»)). Validity - throughout life-time + 50 years after the death of the author.

- certificate of the Russian Federation No.2007615228 dated 12/26/2007 about official registration of the computer software program «Module of integration between the Automated system for planning and budgeting on the platform SAP BW-SEM-BPS and the Automated accounting and reporting system on the platform mySAP Business Suite (Integration ASPB and ASUiO»)). Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007615229 dated 12/26/2007 about official registration of the computer software program "Software product «Uniform automated statistical and information database on conducting process of technological connection to the UNEG and to distributive power grids» (software product «BD Prognoz i statistika po tekhnologicheskim soyedineniyam»)". Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007615230 dated 12/26/2007 about official registration of the computer software program «Automated system for collecting the measurement resulting data by using a mobile automated work place (AS SDI»)). Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007615231 dated 12/26/2007 about official registration of the computer software program «Standard solution: calculation of wages at branches («TR PZPF»)). Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007615267 dated 12/27/2007 about official registration of the computer software program «Automated system for controlling financial settlements with consumers on the basis of the platform mySAP Business Suite (ASURP»)). Validity - throughout life-time + 50 years after the death of the last surviving author.

- certificate of the Russian Federation No.2007615268 dated 12/27/2007 about official registration of the computer software program "1st series of computer programming complex «Automated system of analytical reporting» (PK "KISU-Analitika)". Validity - throughout life-time + 50 years after the death of the last surviving author.

Thus, by the end of the 1st quarter of 2008, the JSC FGC UES is a legal owner of the trade mark of JSC FGC UES, 15 patents for useful models, 4 patents for invention, and 49 copyright certificates for computer software programs.

Risks connected to expiry of the validity period of patents and certificates for intellectual property, are minimal.

4.5. ANALYSIS OF DEVELOPMENT TRENDS IN THE SPHERE OF PRIMARY ACTIVITY OF THE ISSUER

The main tendencies in development of the economy branch where the Issuer carries out primary its activity, within 5 last completed fiscal years, as well as major factors influencing the general condition of the branch:

Historically, the electric power industry is one of decisive factors in Russian economy, because it is a major component of the fuel and energy complex (FEC), and this complex determines and adjusts development of all lines of business and serves as an indicator of economic stability in the whole country.

At the present stage, the main specific features in development of Russian electric power industry are: overcoming the negative power consumption trends, which appeared in the mid-1990s, and a tendency toward growing energy consumption, which started in 1999. Coincidence of growth of energy consumption with growth of industrial production allows makes it possible to speak about stability of this trend, and as a consequence, about necessity of satisfying the growing demand for providing economic development of the country.

Growth of industrial production was accompanied by increasing solvency of enterprises consuming electric and thermal energy, which enabled the consumers to solve the problem of paying for electric power. From 2000 to 2002, payment coverage of current consumption of energy reached 100%, while the indebtedness before the energy industry, accumulated from earlier times. was extinguished or restructured.

Growth of Russian national economy, in combination with structural shifts accompanying this growth, will create a new problem for electric power industry. At the newest stage, the electric power industry is challenged to play the role of an infrastructure capable of building up new production capacities or expanding the existing ones, wherever it is required by the logic of newly-created productions. Solution of the assigned problem will require accelerated development of the network and technological structure of the electric power industry and its quicker maneuverability.

It is possible to say that the beginning of reforming in electric power branch of Russia was adoption, by the Russian Federation's Government, of Decree No.526 dated 7/11/2001 «About reforming the electric power industry in the Russian Federation». Legislative foundations for this reform were laid down by the Federal Laws of the Russian Federation adopted in the 1st quarter of 2003.

According to Concept "5+5" of Strategy of JSC RAO «UES of Russia» for the years 2005 – 2008, the main purposes of reforming the electric power branch are enhancing efficiency of the enterprises of electric power industry and creating conditions for development of the energy branch on the basis of investments. And the primary goals of the reform are the following:

- dividing the energy branch's spheres of activity into natural monopolies (mostly, energy transmission, distribution and dispatching control) and competition-type activities (production and sale of electric power);
- establishment of a system of effective market relations in competitive kinds of activity;
- ensuring non-discriminative access to services rendered by natural monopolies;
- effective and fair state regulation of natural monopolies which stimulates cost saving and provides attractiveness of natural monopolies for investments.

The main tendencies in development of the energy branch, from 2002 to 2004, have been:

- establishment of infrastructural organizations of the wholesale market: the System Operator - JSC «SO-TsDU (System Operator-Central Dispatch Control) of UES», Organization for managing the UNEG - JSC FGC UES, Manager of the Trade System - NP «ATS» (Non-Commercial Partnership - Administrator of the Trade System of the Wholesale Power Market of the Unified Energy System);

- preparing and beginning of reforming the local power joint stock companies - establishment of power generating, sales-marketing, grid operating (distributive grid companies and Backbone grid companies);

- beginning of operation of the free sector «5-15» of electric energy wholesale trade.

The JSC FGC UES participates in all of the above-mentioned processes of reforming the branch, and is, as a matter of fact, one of the first organizations established for fulfillment of the Russian Federation Government's Decree dated July 11th, 2001 No.526 «About reforming the electric power industry of the Russian Federation» and the Russian Federal Law No.35-FZ dated March 26, 2003 «About electric power industry».

In pursuance of Article 4 of the Federal Law No.36-FZ dated 3/26/2003 «About special features of functioning of electric power industry during a transition period...» and in conformity with the plan/scheme of consolidating the installations of the unified national electric grid of local joint stock companies, approved by the Board of Directors of the JSC RAO «UES of Russia» (minutes of the meeting No.188 dated 2/25/2005), the authorized capital of the JSC FGC UES has received and comprised the shares of the Backbone grid companies, which were established as a result of reorganization of local grid joint stock companies. The above-mentioned shares of the Backbone grid companies belonged previously to the JSC RAO «UES of Russia». In the process of formation of the Backbone grid companies (*rus*: MSK), on the basis of grid assets allocated from local grid joint stock companies, 56 Backbone grid companies were established. Since 2006, as stipulated by a decision of Board of Directors of JSC RAO «UES of Russia», installations of the unified national electric grid have been conveyed to JSC FGC UES for subsequent use. In this way, consolidation of the Backbone grids within the JSC FGC UES has been accomplished.

According to a decision of Board of Directors of JSC RAO «UES of Russia» (minutes of the meeting No.245 dated 3/2/2007), which approved the plan/scheme of final reorganization of the JSC RAO «UES of Russia», modifications were introduced into the plan/scheme of consolidating the UNEG, which stipulated inclusion of both Backbone grid Companies (*rus*: MSK) and Inter-Regional Backbone grid Companies (*rus*: MMSK) directly into the JSC FGC UES, without performing the intermediate stage of uniting the MSK companies into the MMSK companies.

Within the framework of reforming the JSC RAO «UES of Russia» in 2008, reorganization of JSC FGC UES is planned - in the form of the JSC FGC UES now comprising:

- JSC «State Holding»;
- JSC «Minority Holding of the FGC UES»;
- JSC RAO «UES of Russia»;
- Backbone grid Companies (*rus*: MSK);
- Inter-Regional Backbone grid Companies (*rus*: MMSK).

GENERAL ASSESSMENT OF RESULTS OF THE ISSUER'S ACTIVITY IN THE INDUSTRY BRANCH:

According to the Issuer, the results of its activity are positive.

In 2006, the JSC RAO «UES of Russia», together with JSC FGC UES, were managing the electric power grid complex of the Holding Company. Their joint work ensured functioning of electric power grids with a total length of 2 476.8 thousand km, including 122.2 thousand km of Backbone grids (47.1 thousand km of lines of JSC FGC UES and 75.1 thousand km of lines of the Backbone grid Companies, as well as operation of transformer substations of all voltage classes with a total power capacity of 562 766.67 MVA.

In 2006 the actual electric power supply (based on consolidated balance accounting) from grids of the UNEG to the lines of Distributive Grid Companies, to direct consumers of the wholesale market of electric power and to non-reformed local power joint stock companies, amounted to 433 531.2 million kWh.

Judging by results of 2006, achievements have been made in reduction of electric power losses in power grids of all voltage classes.

By results of 2006, electric power losses in grids belonging to JSC FGC UES on the basis of property right, were reduced by 0.04 percentage points (from 3.75% down to 3.71% compared

to volume of supply from the grid). Contribution to decreasing losses in power grids of the Federal Grid Company was made by installing modern metering devices and by organization of high-quality work of the personnel in recording the current readings of the devices, in coordination work and in assessing the losses of electric power.

In 2006, the JSC FGC UES adopted an automated system of commercial registration of electric energy consumption (ASKUE) and started using it by way of industrial experiment in power grids with 330 kV and higher voltage. By 2010, a new automated information-measuring system of commercial registration of energy consumption (AIIS KUE) for UNEG (All-Russian electric power grid) will be created.

On the whole, in the distributive grid complex, the actual losses constituted 8.69% (compared to 10.02% in 2005), which confirms the efficiency of measures taken.

During implementation of technological connection to the Backbone grids together with counteragents, among whom are enterprises of metallurgical, oil-and-gas industry, builders in the housing sector, etc., there have been concluded agreements for the total of 1.3 billion rubles.

Assessment of conformity between results of the Issuer's activity and tendencies in development of the branch, including reasons justifying the achieved activity results (both satisfactory and unsatisfactory results, in opinion of the issuer):

The Issuer is a natural monopoly, its development and results of its activity determine the development of the whole branch.

Opinions of management bodies of the Issuer in respect of the presented information coincide.

There is no special opinion of a member of the Issuer's Board of Directors or a member of the collegiate executive body of the Issuer about the above presented information, and no such special opinion is stated in the minutes of the meeting of the Issuer's Board of Directors or the collegiate executive body, where respective issues were considered.

4.5.1. ANALYSIS OF FACTORS AND CONDITIONS INFLUENCING ACTIVITY OF THE ISSUER

Factors and conditions influencing the Issuer's activity and results of such activity. Forecasts on duration of persistence of the above factors and conditions.

The results achieved by the Issuer, have been brought about, among other major factors, by dynamic growth of investments made in the sphere of technical re-equipment. Thus, within 2003 - 2004 such investments more than doubled, having risen from 2.29 up to 5.35 billion rubles. The positive dynamics will remain also in the next years. Forecasts concerning duration of the above-mentioned factors and conditions:

In conformity with predicted energy balance (matrix of energy supply) for 2004-2008, worked out by JSC RAO «UES of Russia» together with INEI (Energy Research Institute) of the Russian Academy of Sciences, with JSC «Institut EnergoSetProekt», JSC "NIIEE" (Energy Economics Research Institute), the following industry branch development results have been forecast.

Internal electric power consumption throughout Russia in 2008 is forecast to be equal to 980 billion kWh. The increment to the level of 2003 will constitute 74 billion kWh. Average annual rates of increase within the five years will be 1.6%.

The above-mentioned forecast is based on taking into account the current power consumption growth rates in 2003 (expected growth value - 103%), on the governmental forecasts of development of economy for the coming five years with rates of increase of gross national product of 5.2-6.1% a year, on forecasts from distant regions made by local grid joint stock companies.

The formulated forecast of power consumption for 2004-2008 indicates a shift in the tendency of power consumption growth - from moderate scenario toward optimistic scenario, as laid down in foundation of the Energy Strategy of Russia (approved by the Russian Federation's Government in Decree No.1234-r dated August 28, 2003).

In this situation, the main factors influencing the activity of JSC FGC UES in the nearest two years, will be:

- conveyance, for management, of electric grid facilities/installations of other proprietors (local grid joint stock companies, Backbone grid companies - *MSK*, inter-regional Backbone grid companies - *MMSK*), being referred to the UNEG;
- implementation of a stage-by-stage transition to system of payment for services according to declared power capacity of consumers;
- readiness of regulatory laws governing the activity of participants of the wholesale and the retail market of electric energy.

Actions being taken by the Issuer, and actions which the Issuer is planning to take in the future, for effective utilization of these factors and conditions: planning of activity on the basis of analysis of the economic situation.

Methods applied by the Issuer, and methods which the Issuer plans to use in the future, for reducing the negative effect of factors and conditions affecting the Issuer's activity:

- Planning of activity on the basis of analysis of the economic situation;
- Formation of property complex/pool of Inter-Regional Backbone grid Companies (*MMSK*);
- Formation of limiting levels of tariffs for electric energy, proceeding from declared (attached) power capacities of consumers.

Significant events/factors which may exert the greatest adverse effect on the Issuer's opportunity to attain, in the future, the same or even better results, compared to results achieved within the last accounting period; as well as probability of occurrence of such events (factors):

Among factors which can influence negatively the Issuer's capability of achieving, in the future, of same or higher results, it is possible to point out deterioration of economic situation in the country, cutbacks in industrial production, reduction in solvency level of enterprises consuming the electric and thermal energy.

From the point of view of technological risks, the most significant ones are factors of natural ageing (wear and tear) of production assets and force majeure events, adverse or unfavorable natural phenomena.

For preventing negative effects of such factors, the JSC FGC UES has developed, and approved by Board of Directors, a medium-term investment program making it possible not only to prevent failure of main equipment of transmission lines and substations by implementing a program of technical upgrading and re-equipment, but also to create new productive assets ensuring production output of power from electric power stations and inter-regional power exchanges and contributions of electric energy.

As for possible effects of adverse natural phenomena, the JSC FGC UES has a respective program of property insurance in respect of overhead transmission lines and electric power substations. Finances for the program are allocated in full volume from the tariffs for power transmission, according to decisions of regulatory authorities. This circumstance makes it possible to assert with confidence that the above-mentioned risks are minimal from this point of view.

The issuer evaluates the probability of occurrence and persistence of adverse natural factors as insignificant.

Significant events/factors which can improve the issuer's activity results; probability of their occurrence, and their duration.

The most positive factor is acceleration, with high probability, of the process of conveyance of electric grid installations from other proprietors to the JSC FGC UES for management, which will make it possible, on the one hand, to increase considerably the product output volume, and, on the other hand, to enhance the production efficiency, improve the corrective and operational maintenance of the electric grids and the investment policy, while attaining also respective large-scale and synergetic effects.

4.5.2. THE ISSUER'S COMPETITORS

The main existing and prospective competitors of the Issuer: the Issuer has no competitors in the main types of activity, because transmission of electric energy is a special activity being a natural monopoly.

Factors of competitiveness of the Issuer, with description of degree of their influence on competitiveness of products made (works, services): factors of competitiveness are not described here in connection with the naturally exclusive type of activity of the Issuer.

V. Detailed information on members of issuer’s management bodies, issuer’s financial and business supervisory bodies and brief data on issuer’s officers (employees)

5.1. Information on the structure and purview of issuer’s management bodies.

Complete description of the structure of Issuer’s management bodies and their purview in accordance with the Issuer’s Articles of association (constituent documents) (hereinafter referred to as the “Company”):

The structure of issuer’s management bodies.

The management bodies include:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board;
- Chairman of the Management Board.

The supreme Company body is the General Meeting of Shareholders.

In accordance with article 10 of the Company articles of association:

The General Meeting of Shareholders shall:

- 1) introduce modifications and alterations into the Articles of association or adopt a new edition of the Articles of association;
- 2) reorganize the Company;
- 3) wind-up the Company, appoint a liquidation commission and approve interim and closing liquidation balance-sheets;
- 4) determine the number, par value, class (type) of authorized shares and rights attached to such shares;
- 5) increase the Company share capital by raising the par value of shares, or placing additional shares (issued, securities of the Company convertible into shares) as set forth in the Federal Law “On joint-stock companies”;
- 6) decrease the Company share capital by diminishing the par value of shares;
- 7) decrease the Company share capital by acquiring part of shares to reduce their total number and by redeeming shares acquired or paid up by the Company;
- 8) split and reverse split Company shares;
- 9) acquire placed shares as set forth in the Federal Law “On joint-stock companies”;
- 10) elect the Chairman of the Management Board and remove him from office;
- 11) elect members of the Board of Directors and remove them from office;
- 12) elect members of the Company Audit Commission and remove them from office;
- 13) nominate the Company Auditor;
- 14) approve annual reports, annual statutory accounting reports, including income statements (profit and loss accounts) and allocate profit, including payment (declaration) of dividend, except profit allocated as dividends based on the performance of the first quarter, half year, nine months of the fiscal year) and losses incurred by the Company based on the results of the fiscal year;
- 15) pay (declare) dividend based on the performance of the first quarter, half year, nine months of the fiscal year;
- 16) pass resolutions on approval of material transactions as set forth in article 79 of the Federal Law “On joint-stock companies”;
- 17) pass resolutions on approval of transactions as set forth in article 83 of the Federal Law “On joint-stock companies”;
- 18) pass a resolution on participation in financial and industrial groups, associations and other corporations of commercial entities;
- 19) approve internal documents governing the activity of Company bodies;

- 20) pass a resolution on payment of remuneration and/or compensation to members of the Audit Commission;
- 21) pass a resolution on payment of remuneration and/or compensation to members of the Company Board of Directors;
- 22) decide on any other issuers as provided by the Federal Law “On joint-stock companies”.

The Board of Directors provides an overall leadership of the Company activity, except matters relating to the purview of the General Meeting of Shareholders in accordance with the Federal Law “On joint-stock companies” and the Company Articles of association.

Under article 15 of the Articles of association:

The Board of Directors shall:

- 1) set priorities of the Company activity;
- 2) convene annual and extraordinary General Meetings of Shareholders, except as set forth in paragraph 14.8. of article 14 of the Articles of association of JSC FGS UES and set the date of a new General Meeting of Shareholders instead of one which was not held due to the absence of quorum;
- 3) approve the agenda of the General Meeting of Shareholders;
- 4) elect the secretary of the General Meeting of Shareholders;
- 5) set the date for preparing a list of persons entitled to participate in the General Meeting of Shareholders, decide on any other issues relating to the preparation and holding of the General Meeting of Shareholders;
- 6) increase the share capital by placing additional shares in numbers and classes (types) of authorized shares based on the restrictions set by the Federal Law “On joint-stock companies” and these Articles of association;
- 7) place bonds and any other issued securities, including bonds and any other issued securities convertible into shares based on the restrictions set by the Federal Law “On joint-stock companies” and these Articles of association;
- 8) determine a price (money value) of the property, a price of placing and redeeming securities issued by the Company as set forth in the Federal Law “On joint-stock companies” and decide on issues specified in subparagraphs 19, 28 of paragraph 15.1 of these Articles of association;
- 9) acquire shares placed by the Company, bonds and any other securities as set forth in the Federal Law “On joint-stock companies”;
- 10) elect members of the Company Management Board (except the chairman of the Management Board), determine the amount of remuneration and compensation paid to them, remove them from office, including an early termination of a labour contract with them;
- 11) assign (sell) the Company shares held by the Company as a result of their acquisition or redemption from the Company shareholders and in any other cases as set forth in the Federal Law “On joint-stock companies”;
- 12) advise the General Meeting of Shareholders on the amount of remuneration and compensation paid to members of the Audit Commission;
- 13) determine the amount of remuneration for auditor’s services;
- 14) recommend on the amount of dividend on shares and a dividend payment procedure;
- 15) approve the Company internal documents governing a procedure for forming and using the Company funds, decide on the use of the Company funds;
- 16) approve the cost estimate of the Company executive body based on expenses necessary for ensuring the activity of the Company Board of Directors;
- 17) approve the Company internal documents, except the internal documents which approval relates to the purview of the General Meeting of Shareholders;
- 18) establish branches and open offices of the Company, their winding-up, including introduction of alterations into the Company Articles of association arising from the establishment of branches and opening of offices (including changes in names and places of business of branches and offices) and their winding-up;

19) decide on the participation of the Company in other entities (including approval of constituent documents and nominees to the management bodies of newly established organizations), change in interest (the number of shares, amount of shares), encumbrances of shares, a share of the Company in other entities and termination of its participation.

20) determine the Company credit policy, approve transactions for making credit and loan agreements, grant surety, issue promissory bills and bills of exchange, pawn the property when the procedure for passing resolutions on such transactions is not specified by the Company internal documents and pass resolutions on approval of a temporary excess of limits as set forth in the Company internal documents;

21) approve material transactions as set forth in section X of the Federal Law “On joint-stock companies”;

22) approve transactions as set forth in section XI of the Federal Law “On joint-stock companies”;

23) approve the Company registrar and the terms and conditions of an employment contract with him and termination of such contract;

24) election and reelection of the Chairman and Deputy Chairman of the Board of Directors;

25) approve a procedure for cooperation of the Company with business entities whose shares and interest are held by the Company;

26) determine the position of the Company (Company representatives) as to whether participate in the voting on the agenda, vote on draft resolutions “for”, “against”, or abstain from voting, on the following agenda items of general meetings of shareholders (participants) of subsidiary and related business companies (hereinafter referred to as the SRC) (except when the functions of general meetings of shareholders (participants of the SRC) are performed by the Company Board of Directors) and meetings of the boards of directors of the SRC (except the issue of approving the agenda of general meetings of shareholders (participants of the SRC) when the functions of general meetings of shareholders (participants of the SRC) are performed by the Company Board of Directors):

a) on setting the agenda of the general meeting of shareholders (participants) of the SRC;

b) on reorganizing, winding up the SRC;

c) on determining the quantitative composition of the board of directors of the SRC, nomination and election of its members and removal from office;

d) on determining the number, par value, class (type) of authorized shares of the SRC and rights attached to such shares;

e) on increasing the share capital of the SRC by raising the par value of shares, or by placing additional shares;

f) on placing securities of the SRC, convertible into ordinary shares;

g) on splitting, reverse splitting shares of the SRC;

h) on approving material transactions made by the SRC;

i) on participating the SRC in other entities (entering an existent entity or establishing a new entity) and acquiring, assigning and encumbering shares and interest in the share capital of entities in which the SRC participate, changing the share of participation in the share capital of a respective entity;

j) on making transactions by the SRC (including several interconnected transactions) arising from any assignment or a possibility of assigning the property constituting fixed assets, intangible assets, construction in progress which purpose is the generation, transmission, dispatching, distribution of electric power and heat energy which balance-sheet or market value exceeds 15 million rubles;

k) on making transactions by the SRC (including several interconnected transactions) arising from any assignment or a possibility of assigning the property constituting fixed assets, intangible assets, construction in progress which purpose is not the generation, transmission, dispatch-

ing, distribution of electric power and heat energy which balance-sheet or market value exceeds 30 million rubles;

l) on introducing amendments and modifications in the constituent documents of the SRC;

m) on payment of remuneration and compensation to members of the Board of Directors and Audit Commission of the SRC;

27) determine the position of the Company (Company representatives) and the SRC on the following agenda items of meetings of the boards of directors of the subsidiary and related companies (including as to whether participate in the voting on the agenda, vote on draft resolutions “for”, “against”, or abstain from voting):

a) on determining the position of SRC representatives on the agenda items of general meetings of shareholders (participants) and meetings of the boards of directors of companies which are subsidiary and related in relation to the SRC regarding the conclusion (approval) of transactions (including several interconnected transactions) arising from any assignment, or a possibility of assigning the property constituting fixed assets, intangible assets, construction in progress which purpose is the generation, transmission, dispatching, distribution of electric power and heat energy which balance-sheet or market value exceeds 15 million rubles;

b) on determining the position of SRC representatives on the agenda items of general meetings of shareholders (participants) and meetings of the boards of directors of companies which are subsidiary and related in relation to the SRC involved in the generation, transmission, dispatching, distribution and sales of electric power and heat energy, on restructuring, winding-up, increase in the share capital of such companies by raising the par value of shares, or by placing additional shares, securities convertible into ordinary shares;

28) preapprove resolutions on making:

a) transactions which subject matter is the Company non-current assets in amount of 10% of the balance-sheet value of such assets as of the date of passing of a resolution on making such transaction;

b) transactions (including several interconnected transactions) arising from any assignment or a possibility of assigning the property constituting fixed assets, intangible assets, construction in progress which purpose is the generation, transmission, dispatching, distribution of electric power and heat energy and also performance of services and works in auxiliary types of activity (energy repair works, systematic and accounting activities), which balance-sheet value exceeds 15 million rubles;

c) transactions (including several interconnected transactions) arising from any assignment or a possibility of assigning the property not used in the generation, transmission, dispatching, distribution and sales of electric power and heat energy and also auxiliary types of activity (energy repair works, systematic and accounting activities), which balance-sheet value exceeds 30 million rubles.

Such authority shall not apply to any assignment of funds, securities by the Company specified by separate resolutions of the Board of Directors (based on the peculiarities of passing resolutions as set forth in subparagraphs 7, 15, 16 of paragraph 12.1. of the Company Articles of association).

29) approve a resolution on security issue, prospectus for security issue, share acquisition reports from the Company shareholders, share redemption reports, reports on shareholders' claims for redeeming shares held by them;

30) preapprove transactions which may give rise to obligations denominated in foreign currency (or obligations which value depends on foreign currency) according to the procedure and amounts set forth in separate resolutions of the Board of Directors and if such procedure and amounts are not determined by the Board of Directors;

31) determine the Company procurement policy, including approval of the Regulation on procedures governing purchases of goods, works, services, approval of head of the Central Procurement Department and any other decisions in accordance with the Company documents governing the Company procurement activity.

- 32) pass a resolution on recommending the Chairman of the Management Board for a decoration;
- 33) approve target values (corrected values) of the Company key performance indicators (KPI) and their completion reports;
- 34) approve a business plan (corrected business plan) and consideration of its completion report;
- 35) set up committees of the Board of Directors; approve regulations on committees of the Board of Directors;
- 36) elect the secretary of the Board of Directors and remove him from office;
- 37) pass a resolution on putting forward the issues to the General Meeting of Shareholders which discussion by Law is subject to proposals made by the Board of Directors;
- 38) Any other matters relating to the purview of the Board of Directors in accordance with the Federal Law “On joint-stock companies” and these Articles of association.

The Company day-to-day activity is headed by the sole executive body –the Chairman of the Company Management Board and the collegial executive body – the Company Management Board.

Under article 21 of the Company Articles of association:

The Company Management Board shall:

- 1) develop and put forward priority directions of the Company activity and long-term implementation plans for discussion of the Board of Directors;
- 2) prepare a report on implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors;
- 3) exercise (based on subparagraph 26 of paragraph 15.1 of the Articles of association of JSC FGS UES) the authority of meetings of shareholders of subsidiary joint-stock companies whose all voting shares are held by the Company in accordance with their constituent documents, or based on any other legal ground;
- 4) appoint (based on subparagraph 26 of paragraph 15.1 of the Articles of association of JSC FGS UES) Company representatives for participation in the management bodies of entities of any form of incorporation in which the Company participates, except Company representatives at meetings of participants of such entities;
- 5) nominate for a post of the sole executive body of entities of any form of incorporation in which the Company participates;
- 6) put forward reports on the financial and business activity of the subsidiary and related companies for discussion of the Board of Directors whose shares are held by the Company and provide information on any other entities in which the Company participates;
- 7) hear reports made by deputies Chairman of the Management Board, heads of the Company organization departments on the results of implementation of the approved plans, programs, guidelines, consideration of reports, documents and any other information on the Company activity and its subsidiary and related companies;
- 8) decide on any other matters relating to the Company day-to-day activity in accordance with the resolutions of the General Meeting of Shareholders, Board of Directors and also matters put forward for discussion of the Management Board by the Chairman of the Management Board.

Under article 22 of the Company Articles of association:

The Chairman of the Management Board provides leadership of the Company day-to-day activity, except matters relating to the purview of the General Meeting of Shareholders, the Board of Directors and the Management Board.

The Chairman of the Management Board acts without power of attorney on behalf of the Company and among other things shall:

- 1) make transactions on behalf of the Company, issue powers of attorney, open settlement and any other bank accounts;

- 2) dispose of the Company property at his own discretion, based on the restrictions set by the applicable legislation of the Russian Federation and these Articles of Association;
- 3) employ and dismiss Company employees, stimulate them and take disciplinary measures against them;
- 4) organize the work of the Management Board, preside over its meetings;
- 5) put forward proposals for nomination and dismissal of members of the Management Board for discussion of the Board of Directors;
- 6) approve the staffing table and remuneration of Company employees;
- 7) distribute functions among deputies Chairman of the Management Board;
- 8) ensure that Company action plans necessary for achieving its objectives are carried out;
- 9) approve the Regulation on Company branches and offices;
- 10) approve the regulations on matters relating to the purview of the Chairman of the Management Board;
- 11) supervise the maintenance of accounting records and reporting in the Company;
- 12) give orders, approve instructions and any other Company internal documents, give directions binding upon all Company employees;
- 13) submit the Company annual report, accounting balance-sheet, profit and loss account, distribution of profits and losses to the Board of Directors not later than 45 (forty five) days prior to the date of the annual General Meeting of Shareholders;
- 14) submit action plans of the Company Management Board to the Board of Directors on a quarterly basis (including plans for making transactions referred to in subparagraph 28 of paragraph 15.1 of the Articles of association and similar transactions made by the subsidiary and related companies) and such plan completion reports (including reports on making transactions referred to in subparagraph 28 of paragraph 15.1 of the Articles of association and similar transactions made by the subsidiary and related companies). The format of such plans and reports on the activity of the Company Management Board is approved by a resolution of the Board of Directors;
- 15) appoint Company representatives to attend meetings of participants of business entities whose shares are held by the Company;
- 16) decide on any other issues of the Company day-to-day activity, except matters relating to the purview of the General Meeting of Shareholders, Board of Directors and the Management Board.

Information of the Issuer's corporate code of conduct (governance) or any other similar document: there is no such document.

Information on Issuer's internal documents governing the activity of its bodies: The issuer has the following documents: Regulation on the Management Board, Regulations and Procedures of the Board of Directors, Regulation on the Audit Commission, Corporate Ethics Code, Order on measures for protecting confidential information.

The web site where a full text of the Articles of association and internal documents governing the activity of the Issuer's bodies are freely placed: www.fsk-ees.ru .

5.2. Information on members of the Issuer's management bodies

Information on members of the Board of Directors of JSC FGS UES:

1. Khristenko Viktor Borisovich (Chairman of the Board of Directors)

Date of birth: 1957

Education: higher

Appointments for last 5 years:

Period: 2000 - until now

Organization: JSC Gazprom

Title: Member of the Board of Directors

Period: 2002 – until now
Organization: JSC FGS UES
Title: Member of the Board of Directors

Period: 2003 - 24.02.2004
Organization: Government of the Russian Federation
Title: First Deputy Prime Minister, Deputy Prime Minister

Period: 2003 – until now
Organization: OAO RAO UES of Russia
Title: Member of the Board of Directors

Period: 25.02.2004 - 05.03.2004
Organization: Government of the Russian Federation
Title: acting Prime Minister of the Russian Federation

Period: 05.03.2004 – until now
Organization: Ministry of Industry and Energy of the Russian Federation
Title: Minister of Industry and Energy of the Russian Federation

Period: 2004 - until now
Organization: JSC “AK Transneft”
Title: Member of the Board of Directors

Period: 2004 – until now
Organization: JSC “SO –CDU UES”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC “Gidro OGK”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC KAMAZ
Title: Member of the Board of Directors

Period: 2006 – until now
Organization: LLC “International consortium for Ukraine gas transportation system management and development”
Title: Member of the Board of Participants

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

2. Askinadze Denis Arkadyevic

Date of birth: 1957

Education: higher

Appointments for last 5 years:

Period: 2003-28.04.2003

Organization: JSC Lenenergo

Title: operations manager of hydroelectric plants

Period: 29.04.2003-19.07.2004

Organization: CJSC "Aurora-management"

Title: General Director of CJSC "Aurora-management"

Period: 29.07.2004 -30.09.2005

Organization: JSC Lenenergo

Title: department economics director of JSC Lenenergo

Period: 01.10.2005 -13.11.2006

Organization: JSC "Territorial generating company No1"

Title: department economics director

Period: 14.11.2006 – until now

Organization: Ministry of Economic Development and Trade

Title: director of rate regulation and infrastructural reform department of the Ministry of Economic Development and Trade

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

3. Ayuyev Boris Ilyich

Date of birth: 1957

Education: higher

Appointments for last 5 years:

Period: 2003 - 2004

Organization: JSC "SO CDU UES"

Title: Deputy Chairman of the Management Board

Period: 2004 – until now

Organization: JSC "SO CDU UES"

Title: Chairman of the Management Board, Member of the Board of Directors

Period: 2004 – until now

Organization: OAO RAO UES of Russia

Title: member of the Management Board

Period: 2004 – until now

Organization: JSC FGS UES

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: JSC Federal Hydrogenerating Company

Title: Member of the Board of Directors

Period: 2005 - 2006

Organization: CJSC "Agency for balance forecasting in the electric power industry"

Title: Member of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bank-

ruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

4. Voloshin Alexander Stalyevich

Date of birth: 1956

Education: higher

Appointments for last 5 years:

Period: 2003

Organization: President's executive office

Title: Head

Period: 2003 – until now

Organization: OAO RAO UES of Russia

Title: Chairman of the Board of Directors

Period: 2004 - until now

Organization: JSC FGS UES

Title: Member of the Board of Directors

Period: 2004 – until now

Organization: JSC “SO CDU UES”

Title: Chairman of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

5. Gref German Oskarovich

Date of birth: 1964

Education: higher

Appointments for last 5 years:

Period: 2003 - 24.02.2004

Organization: Ministry of Economic Development and Trade of the Russian Federation

Title: Minister

Period: 25.02.2004 - 09.03.2004

Organization: Ministry of Economic Development and Trade of the Russian Federation

Title: acting Minister of Economic Development and Trade of the Russian Federation

Period: 09.03.2004 – 2007

Organization: Ministry of Economic Development and Trade of the Russian Federation

Title: Minister of Economic Development and Trade of the Russian Federation

Period: 2004 – until now

Organization: JSC “SO CDU UES”

Title: Member of the Board of Directors

Period: 2004 – until now

Organization: Central Bank of the Russian Federation

Title: Member of the National Bank Board

Period: 2005 - until now

Organization: JSC Gazprom

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: OAO RAO UES of Russia

Title: Member of the Board of Directors.

Period: 2006 – until now

Organization: JSC “Agency for mortgage credit insurance”

Title: Chairman of the Supervisory Board

Period: 2006 – until now

Organization: Joint-Stock Commercial Saving Bank of the Russian Federation (open joint-stock company)

Title: Member of the National Board

Period: 2007 – until now

Organization: Joint-Stock Commercial Saving Bank of the Russian Federation (open joint-stock company)

Title: Chairman of the Management Board

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer’s management bodies and/or supervisory bodies exercising control over the issuer’s financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

6. Demenyev Andrei Vladimirovich

Date of birth: 1967

Education: higher

Appointments for last 5 years:

Period: 2003 – 2004

Organization: Government of the Russian Federation

Title: deputy head of the Secretariat of first deputy Prime Minister of the Russian Federation, Khristenko V.B.

Period: 2004-2005

Organization: Ministry of Industry and Energy of the Russian Federation, Moscow

Title: director of structural and investment policy department in industry and energy of the Ministry of Industry and Energy of the Russian Federation, Moscow.

Period: from 08.12.2005 –until now

Organization: Ministry of Industry and Energy of the Russian Federation

Title: deputy Minister of Industry and Energy of the Russian Federation

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

7. Medvedev Yuri Mitrofanovich

Date of birth: 1965

Education: higher

Appointments for last 5 years:

Period: 2002-12.05.2004

Organization: Ministry of Property Relations of the Russian Federation

Title: First deputy Minister of Property Relations of the Russian Federation

Period: 13.05.2004- until now

Organization: Federal Agency for Federal Property Management of the Russian Federation

Title: deputy Head of the Federal Agency for Federal Property Management

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

8. Rappoport Andrei Natanovich

Date of birth: 1963

Education: higher

Appointments for last 5 years:

Period: 1998 - 26.03.2004

Organization: OAO RAO UES of Russia

Title: Deputy Chairman of the Management Board

Period: 2002 – until now

Organization: JSC FGS UES

Title: Chairman of the Management Board

Period: 2002 – until now

Organization: JSC FGS UES

Title: Member of the Board of Directors

Period: 2004 – 2005

Organization: CJSC "INTER RAO UES Balkans"

Title: Member of the Board of Directors

Period: 2004 – 2007

Organization: JSC "Yantarenergo"

Title: Chairman of the Board of Directors

Period: 2004 – 2007
Organization: JSC Backbone Grid Company of Centre and North Caucasus”
Title: Member of the Board of Directors

Period: 26.03.2004 – until now
Organization: OAO RAO UES of Russia
Field of activity: electric-power industry
Title: Member of the Management Board

Period: 2004 – until now
Organization: CJSC “INTER RAO UES
Title: Chairman of the Board of Directors

Period: 2004 – until now
Organization: JSC “SO CDU UES”
Title: Member of the Board of Directors

Period: 2004 – until now
Organization: JSC UES “GruzRosenergo”
Title: Member of the Supervisory Board

Period: 2005 – until now
Organization: JSC “Kubanenergo”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC “Moscow United Power Grid Company”
Title: Member of the Board of Directors

Period: 2005- until now
Organization: JSC “AES Telasi”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC “GIDROOGK”
Title: Member of the Board of Directors

Period: 2007- until now
Organization: JSC Backbone Grid Company of South
Title: Member of the Board of Directors

Period: 14.01.2008 – until now
Organization: JSC “CIUS UES”
Title: Chairman of the Board of Directors

Period: 16.01.2008 – until now
Organization: JSC “Glavsetservice UNPG”
Title: Chairman of the Board of Directors

Period: 16.01.2008 – until now
Organization: JSC “Elektrosetservice UNPG”
Title: Chairman of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

9. Rashevsky Vladimir Valeryevich

Date of birth: 1973

Education: higher

Appointments for last 5 years:

Period: 2003 -2004

Organization: JSCB "MDM-Bank"

Title: Chairman of the Board of Directors

Period: 2004-2004

Organization: holding company "Siberian Coal Energy Company"

Title: General Director (President)

Period: 2004-until now

Organization: JSC "SUEK"

Title: General Director

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

10. Udaltsov Yuri Arkadyevich

Date of birth: 1961

Education: higher

Appointments for last 5 years:

Period: 2003 – 29.03.2004

Organization: OAO RAO UES of Russia

Title: energy restructuring department head

Period: 29.03.2004 – 28.04.2004

Organization: OAO RAO UES of Russia

Title: Member of the Management Board, energy restructuring department head

Period: 28.04.2004 – until now

Organization: OAO RAO UES of Russia

Title: Member of the Management Board, Reform Management Centre head

Period: 2004 – until now

Organization: JSC FGS UES

Title: Member of the Board of Directors

Period: 2004 – until now

Organization: Noncommercial partnership “Administrator of wholesale trade electricity market of the Unified Energy System”

Ошибка! Ошибка связи. Member of the Supervisory Board

Period: 2004 – until now

Organization: JSC “Mosenergo”

Title: Member of the Board of Directors

Period: 2004 – until now

Organization: JSC “SO CDU UES”

Title: Member of the Board of Directors

Period: 2005 – 2006

Organization: Noncommercial partnership “Gas market coordinator”

Title: Member of the Supervisory Board

Period: 28.02.2005 – until now

Organization: JSC “Management Energy Company”

Title: Member of the Board of Directors

Period: 2005 - until now

Organization: CJSC “Agency for balance forecasting in the electric power industry”

Title: Member of the Board of Directors

Period: 2005 - until now
Organization: JSC "Moscow Management Energy Company"
Title: Member of the Board of Directors

Period: 2006 – until now
Organization: JSC "Moscow city Grid Company"
Title: Member of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

11. Chubais Anatoly Borisovich

Date of birth: 1955

Education: higher

Appointments for last 5 years:

Period: 1998 – until now
Organization: OAO RAO UES of Russia
Title: Chairman of the Management Board, Member of the Board of Directors

Period: 2002 – until now
Organization: JSC FGS UES
Title: Member of the Board of Directors

Period: 2002 – until now
Organization: JSC "SO-CDU UES"
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC "Federal Hydrogenerating Company"
Title: Member of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

Information on the sole executive body and members of the issuer's collegial executive body:

1. Rappoport Andrei Natanovich – Chairman of the Management Board of JSC FGS UES

Date of birth: 1963

Education: higher

Appointments for last 5 years:

Period: 1998 - 26.03.2004

Organization: OAO RAO UES of Russia

Field of activity: electric-power industry

Title: Deputy Chairman of the Management Board

Period: 2002 – until now

Organization: JSC FGS UES

Field of activity: electric-power industry

Title: Chairman of the Management Board

Period: 2002 – until now

Organization: JSC FGS UES

Title: Member of the Board of Directors

Period: 2004 – 2005

Organization: CJSC "INTER RAO UES Balkans"

Title: Member of the Board of Directors

Period: 2004 – 2007

Organization: JSC "Yantarenergo"

Title: Chairman of the Board of Directors

Period: 2004 – 2007

Organization: JSC Backbone Grid Distribution Company of Centre and North Caucasus"

Title: Member of the Board of Directors

Period: 26.03.2004 – until now
Organization: OAO RAO UES of Russia
Field of activity: electric-power industry
Title: Member of the Management Board

Period: 2004 – until now
Organization: CJSC “INTER RAO UES
Title: Chairman of the Board of Directors

Period: 2004 – until now
Organization: JSC “SO CDU UES”
Title: Member of the Board of Directors

Period: 2004 – until now
Organization: JSC UES “GruzRosenergo”
Title: Member of the Supervisory Board

Period: 2005 – until now
Organization: JSC “Kubanenergo”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC “Moscow United Power Grid Company”
Title: Member of the Board of Directors

Period: 2005- until now
Organization: JSC “AES Telasi”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC “GIDROOGK”
Title: Member of the Board of Directors

Period: 2007- until now
Organization: JSC Backbone Grid Distribution Company of South
Title: Member of the Board of Directors

Period: 14.01.2008 – until now
Organization: JSC “CIUS UES”
Title: Chairman of the Board of Directors

Period: 16.01.2008 – until now
Organization: JSC “Glavsetservice UNPG”
Title: Chairman of the Board of Directors

Period: 16.01.2008 – until now
Organization: JSC “Elektrosetservice UNPG”
Title: Chairman of the Board of Directors

A share in the Issuer’s share capital: nil.
A share in the Issuer’s ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

2. Vasilyev Viktor Alexeevich

Date of birth: 1944

Education: higher

Appointments for last 5 years:

Period: 2003 – 03.06.2005

Organization: JSC Kubanenergo

Title: Member of the Board of Directors

Period: 2003 – until now

Organization: JSC FGS UES

Title: Deputy Chairman of the Management Board

Period: 2005 – until now

Organization: JSC "Tumen Backbone Grid Company"

Title: Chairman of the Management Board

Period: 16.01.2008- until now

Organization: JSC "Elektroservice UNPG"

Title: Member of Board of Directors

Period: 16.01.2008- until now

Organization: JSC "Glavsetservice UNPG"

Title: Member of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

3. Demin Andrei Alexandrovich

Date of birth: 1974

Education: higher

Appointments for last 5 years:

Period: 02.08.2004 - 24.09.2004

Organization: OAO RAO UES of Russia

Title: Principal expert of business planning department corporate center

Period: 21.03.2005 - 01.09.2005

Organization: JSC FGS UES

Title: Distribution Grid Company Management Department chief

Period: 01.09.2005-05.04.2007

Organization: JSC FGS UES

Title: Backbone Grid Distribution Company Center Chief

Period: 05.04.2007- until now

Organization: JSC FGS UES

Title: Deputy Chairman of the JSC FGS UES Management Board

Period: 14.01.2008- until now

Organization: JSC "CIUS UES"

Title: Member of the Board of Directors

Period: 16.01.2008- until now

Organization: JSC "Glavsetservice UNPG"

Title: Member of the Board of Directors

Period: 16.01.2008- until now

Organization: JSC "Elektrosetservice UNPG"

Title: Member of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

4. Maslov Alexei Viktorovich

Date of birth: 1975

Education: higher

Appointments for last 5 years:

Period: 01.09.2003 - 01.05.2005

Organization: JSC FGS UES

Title: investment and capital construction director

Period: 01.05.2005 – until now

Organization: JSC FGS UES

Title: asset management and investments director

Period: 2005 – until now

Organization: JSC "Energostroysnabkomplekt UES"

Title: Asset management and investments director

Period: 14.01.2008– until now

Organization: JSC "CIUS UES"

Title: General Director, Member of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

5. Tuzov Mikhail Yuryevich

Date of birth: 1966

Education: higher

Appointments for last 5 years:

Period: 2003 – until now

Organization: JSC FGS UES

Field of activity: electric-power industry

Title: Deputy Chairman of the Management Board

Period: 2003 – 28.04.2005

Organization: JSC Yantarenergo

Title: Member of the Board of Directors

Period: 2003 – 23.06.2005

Organization: JSC “Omskenergo”

Title: Member of the Board of Directors

Period: 2003 – until now

Organization: CJSC “EnergoRynok”

Title: Member of the Board of Director

Period: 2004 - 2006

Organization: JSC “Backbone Grid Company of Center and North Caucasus”

Title: Member of the Board of Director

Period: 2004 – until now

Organization: JSC “Backbone Grid Company of North-West”

Title: Member of the Board of Director

Period: 01.02.2005 - until now

Organization: JSC “ENIFKOM”

Title: Member of the Board of Director

Period: 2005 – until now

Organization: JSC “Volga Interregional Company”

Title: Member of the Board of Director

Period: 2006 – until now

Organization: JSC “Yantarenergo”

Title: Member of the Board of Directors

Period: 2006 – until now

Organization: JSC “Kurskenergo”

Title: Member of the Board of Directors

Period: 16.01.2008 – until now

Organization: JSC “Elektrosetservice UNPG”

Title: Member of the Board of Directors

Period: 16.01.2008 – until now

Organization: JSC “Glavsetservice UNPG”

Title: Member of the Board of Directors

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

A fraction of ordinary shares in the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

6. Chistyakov Alexander Nikolaevich

Date of birth: 1973

Education: higher

Appointments for last 5 years:

Period: 2002 – until now

Organization: JSC FGS UES

Title: First Deputy Chairman of the Management Board

Period: 2003 – 27.06.2005

Organization: JSC "Kolenergo"

Field of activity: electric-power industry

Title: Member of the Board of Directors

Period: 2003 – until now

Organization: JSC "Nurenergo"

Field of activity: electric-power industry

Title: Chairman of the Board of Directors

Period: 2003 – 17.06.2005

Organization: JSC "Energostroysnabkomplekt UES"

Title: Member of the Board of Directors

Period: 2004 – until now

Organization: JSC "Backbone Grid Distribution Company of Ural and Volga"

Title: Member of the Board of Directors

Period: 2004 – until now

Organization: JSC "Backbone Grid Distribution Company of Center and North Caucasus"

Title: Member of the Board of Directors

Period: 2004 – until now

Organization: JSC "Backbone Grid Distribution Company of North-West"

Title: Member of the Board of Directors

Period: 28.02.2005 – until now

Organization: JSC “Moscow city Power Grid Company”

Title: Member of the Board of Directors

Period: 28.02.2005 – until now

Organization: JSC “Moscow United Power Grid Company”

Title: Member of the Board of Directors

Period: 26.06.2005 – until now

Organization: JSC “Tumenenergo”

Title: Member of the Board of Directors

Period: 01.07.2005 – until now

Organization: JSC “Backbone Grid Distribution Company of Siberia”

Title: Chairman of the Board of Directors

Period: 2005 - until now

Organization: CJSC “Agency for balance forecasting in the electric power industry”

Title: Member of the Board of Directors

Period: 2005- until now

Organization: JSC “Moscow Management Energy Company”

Title: Member of the Board of Directors

Period: 2006 – until now

Organization: JSC “Russian Communal Systems”

Title: Member of the Board of Directors

Period: 16.01.2008 – until now

Organization: JSC “Glavsetservice UNPG”

Title: Member of the Board of Directors

Period: 16.01.2008 – until now

Organization: JSC “Elektrosetservice UNPG”

Title: Member of the Board of Directors

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer’s management bodies and/or supervisory bodies exercising control over the issuer’s financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

7. Kazakov Alexander Ivanovich

Date of birth: 1948

Education: higher

Appointments for last 5 years:

Period: 2001-2005-until now

Organization: Council of Federation

Title: Member of the Council of Federation, committee chairman for federation affairs and regional policy

Period: 2005- until now

Organization: JSC "MUEK"

Title: General Director

Period: 17.11. 2007-until now

Organization: JSC "Moscow Heat Grid Company"

Title: Member of the Board of Directors

Period: 15.06.2007-until now

Organization: JSC "Moscow city Power Grid Company"

Title: Member of the Board of Directors

Period: 30.09.2005- until now

Organization: JSC "MUEK"

Title: Member of the Board of Directors

Period: 15.08.2007 –until now

Organization: JSC FGS UES

Title: Deputy Chairman of the Management Board, Member of the Management Board of JSC FGS UES

Person discharging the duties of the issuer's sole executive body:

Rappoport Andrei Natanovich

Date of birth: 1963

Education: higher

Appointments for last 5 years:

Period: 1998 - 26.03.2004

Organization: OAO RAO UES of Russia

Field of activity: electric-power industry

Title: Deputy Chairman of the Management Board

Period: 2002 – until now

Organization: JSC FGS UES

Field of activity: electric-power industry

Title: Chairman of the Management Board

Period: 2002 – until now
Organization: JSC FGS UES
Title: Member of the Board of Directors

Period: 2004 – 2005
Organization: CJSC “INTER RAO UES Balkans”
Title: Member of the Board of Directors

Period: 2004 – 2007
Organization: JSC “Yantarenergo”
Title: Chairman of the Board of Directors

Period: 2004 – 2007
Organization: JSC Backbone Grid Distribution Company of Centre and North Caucasus”
Title: Member of the Board of Directors

Period: 26.03.2004 – until now
Organization: OAO RAO UES of Russia
Field of activity: electric-power industry
Title: Member of the Management Board

Period: 2004 – until now
Organization: CJSC “INTER RAO UES
Title: Chairman of the Board of Directors

Period: 2004 – until now
Organization: JSC “SO CDU UES”
Title: Member of the Board of Directors

Period: 2004 – until now
Organization: JSC UES “GruzRosenergo”
Title: Member of the Supervisory Board

Period: 2005 – until now
Organization: JSC “Kubanenergo”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC “Moscow United Power Grid Company”
Title: Member of the Board of Directors

Period: 2005- until now
Organization: JSC “AES Telasi”
Title: Member of the Board of Directors

Period: 2005 – until now
Organization: JSC “GIDROOGK”
Title: Member of the Board of Directors

Period: 2007- until now
Organization: JSC Backbone Grid Distribution Company of South
Title: Member of the Board of Directors

Period: 14.01.2008 – until now
Organization: JSC “CIUS UES”
Title: Chairman of the Board of Directors

Period: 16.01.2008 – until now
Organization: JSC “Glavsetservice UNPG”
Title: Chairman of the Board of Directors

Period: 16.01.2008 – until now
Organization: JSC “Elektrosetservice UNPG”
Title: Chairman of the Board of Directors

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer’s management bodies and/or supervisory bodies exercising control over the issuer’s financial and business activity: nil

This person has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This person did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

5.3. Information on the amount of remuneration, benefits and/or compensation for expenses of each issuer’s management body

Company Board of Directors:

The amount of income of all members of the Board of Directors in 2007 is **26 228 914.96 rubles**.

Including:

Salaries: **3 961 848.28 rubles**.

Bonuses: **18 763 709.00 rubles**

Commission: **nil**

Benefits: **nil**

Other property payments: **3 503 357.68 rubles**.

Company Management Board:

The amount of income of all members of the Management Board in 2007 is **90 373 27. 91 rubles**

Including:

Salaries: **29 697 852.67 rubles**.

Bonuses: **60 169 990.00 rubles**.

Commission: **nil**

Benefits: **nil**

Other property payments: **505 435.24 rubles**.

There are no payment agreements in 2008.

5.4. Information on the structure and purview of supervisory bodies exercising control over the issuer's financial and business activity

Full description of the structure of supervisory bodies exercising control over the issuer's financial and business activity and their purview in accordance with the Issuer's Articles of association (constituent documents) (hereinafter referred to as the "Company"):

In order to exercise control over the Company financial and economic activity, the General Meeting of Shareholders annually elects the Audit Commission. The Company Audit Commission consists of 5 (five) members.

The Company Audit Commission shall:

1) confirm reliability of data contained in the annual report, accounting balance-sheet, profit and loss accounts;

2) analyze the Company financial standing; identify reserves for improving the Company financial position and make recommendations for the Company management bodies;

3) organize and carry out audits (inspections) of the Company financial and business activity, in particular:

an audit (inspection) of the Company financial, accounting, payment and calculation and any other documents connected with the Company financial and business activity to make sure that it complies with the applicable legislation of the Russian Federation, Articles of association, internal and other documents of the Company;

4) supervise safety and use of fixed assets;

5) check that the established procedure for writing off indebtedness of insolvent debtors to Company losses is observed;

6) supervise expenditure of Company funds according to the approved business plan and the Company budget;

7) supervise forming and use of reserve and any other Company special funds;

8) check that dividend on Company shares, interest on bonds, incomes on any other securities are timely and properly calculated and paid;

9) supervise implementation of previously issued prescriptions for rectifying any irregularities and shortcomings detected by previous audits (inspections);

10) perform any other actions (take any other measures) arising from an audit of the Company financial and business activity.

Information on the internal control system over the issuer's financial and business activity: on 15.03.2004 a financial control and internal audit Directorate was founded. The Directorate has been working for 4 years. Baitov A.V. is head of the financial control and internal audit Directorate.

The primary functions of the internal audit service; accountability of the internal audit service:

- control over the financial and business activity of the Company units, branches;
- inspection of accounting systems and internal control, their monitoring and development of recommendations for improving such systems;

- verification of accounting and operational information;

- check that financial and business transactions made by units and branches comply with the applicable legislation;

- development and check of measures for rectifying any irregularities and shortcomings detected during inspections.

Cooperation with the issuer's executive bodies and the board of directors (supervisory board): the Directorate is answerable to the Chairman of the Management Board; according to the plan of the Chairman it cooperates with Executive Office's units and branches in order to fulfill his instructions. The Directorate is not related to the Board of Directors.

Cooperation between the internal audit service and the issuer's external auditor: the Directorate furnishes the external auditor with information for accessing its activity in the company.

Information on the Issuer's internal document laying down rules for preventing the use of confidential (insider) information: Order 105 dated 17.05.2004 "On protecting confidential information". A full text of the Order is placed at www.fsk-ees.ru.

5.5. Information on members of supervisory bodies exercising control over the issuer's financial and business activity.

Information on the composition of the Issuer's Audit Commission:

1. Sidirov Sergei Borisovich – Chairman of the Audit Commission:

Date of birth: 1952

Education: higher

Appointments for last 5 years:

Period: 2003 – 2004

Organization: OAO UES of Russia

Title: Financial audit department chief

Period: 2004 – until now

Organization: OAO UES of Russia

Title: Internal audit department chief

Period: 2004 – until now

Organization: JSC FGS UES

Title: Member of the Audit Commission

Period: 2005 – until now

Organization: JSC "Tomskenergo"

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: JSC "Moscow Heat Grid Company"

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: OAO "Vologdaenergo"

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: JSC "SMUEK"

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: JSC "Kostromaenergo"

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: JSC "Ivanovo Management Energy Company"

Title: Member of the Board of Directors

Period: 2005 – until now

Organization: JSC “Tyumenenergo”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “TGK-10”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “OGK-5”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “TGK-6”
Title: Member of the Audit Commission

Period: 2006 -2006
Organization: JSC “Orenburgenergosbyt”
Title: Member of the Audit Commission

Period: 2006 -2006
Organization: JSC “Volgogradenergo”
Title: Member of the Audit Commission

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer’s management bodies and/or supervisory bodies exercising control over the issuer’s financial and business activity: nil

This member has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This member did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

2. Baitov Anatoly Valeryevich

Date of birth: 1977

Education: higher

Appointments for last 5 years:

Period: 2004 – until now
Organization: JSC FGS UES
Title: Member of the Audit Commission

Period: 2005 –until now
Organization: JSC “Yarenergo”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “Vladimirenergo”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “Orenergo”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “Volgogradenergo”
Title: Member of the Audit Commission

Period: 2005 –until now
Organization: JSC “Moscow city Power Grid Company”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “Tverenergo”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “Voronezhenergo”
Title: Member of the Audit Commission

Period: 2005 – until now
Organization: JSC “Ryazanenergo”
Title: Member of the Audit Commission

Period: 2006 – until now
Organization: JSC “Moscow Management Energy Company”
Title: Member of the Audit Commission

Period: 2007 – 2007
Organization: JSC “Bryansk Backbone Grid Company”
Title: Member of the Audit Commission

Period: 2007 – 2007
Organization: JSC “Kirov Backbone Grid Company”
Title: Member of the Audit Commission

Period: 2007 – 2007
Organization: JSC “Omsk Backbone Grid Company”
Title: Member of the Audit Commission

Period: 2007 – 2007
Organization: JSC “Kirov Backbone Electrical Supply Company”
Title: Member of the Audit Commission

Period: 2007 – until now
Organization: JSC “Kubanenergo”

Title: Member of the Audit Commission

Period: 2007 – until now

Organization: JSC “Lenenergo”

Title: Member of the Audit Commission

Period: 2007 – until now

Organization: JSC “Volgogradenergo”

Title: Member of the Audit Commission

Period: 2007 – until now

Organization: JSC “Moscow United Power Grid Company”

Title: Member of the Audit Commission

Period: 2007 – until now

Organization: JSC “Moscow Heat Grid Company”

Title: Member of the Audit Commission

Period: 16.01.2008 – until now

Organization: JSC “Glavsetservice UNPG”

Title: Member of the Audit Commission

Period: 16.01.2008 – until now

Organization: JSC “Elektrosetservice UNPG”

Title: Member of the Audit Commission

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer’s management bodies and/or supervisory bodies exercising control over the issuer’s financial and business activity: nil

This member has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This member did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

3. Gabov Andrei Vladimirovich

Date of birth: 1973

Education: higher

Appointments for last 5 years:

Period: 2003- 2004

Organization: OAO RAO UES of Russia
Title: Corporate policy department chief

Period: 2004- 2005

Organization: OAO RAO UES of Russia

Title: Corporate governance department chief of the Corporate Center

Period: 2005- until now

Organization: OAO RAO UES of Russia

Title: Corporate governance and cooperation with shareholders department chief

Period: 2006-until now

Organization: OAO RAO “Yuzhnaya Grid Company”

Title: Member of the Board of Directors

Period: 2006- until now

Organization: JSC “OGK-5”

Title: Member of the Board of Directors

Period: 2006-until now

Organization: JSC “Permenergo”

Title: Member of the Board of Directors

Period: 2006- until now

Organization: JSC “Vladimirenergo”

Title: Member of the Board of Directors

Period: 2006-until now

Organization: JSC “Yuzhnaya generating company - TGK-8”

Title: Member of the Board of Directors

Period: 2006- until now

Organization: JSC “Pskovenergo”

Title: Member of the Board of Directors

Period: 2006-until now

Organization: JSC “Komienergo”

Title: Member of the Board of Directors

Period: 2006-until now

Organization: JSC FGS UES

Title: Member of the Audit Commission

Period: 2006-until now

Organization: JSC “VNIIG named after B.E. Vedeneev”

Title: Member of the Board of Directors

Period: 2006 - until now

Organization: JSC “Zelenchukskie GES”

Title: Member of the Board of Directors

Period: 2006- until now

Organization: Noncommercial partnership “Corporate educational and scientific center of UES”

Title: Member of the Board of Directors

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer’s management bodies and/or supervisory bodies exercising control over the issuer’s financial and business activity: nil

This member has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This member did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

4. Lelekova Marina Alexeevna

Date of birth: 1961

Education: higher

Appointments for last 5 years:

Period 2004 – until now

Organization: JSC FGS UES

Title: Member of the Audit Commission, Deputy Chief of financial control and audit Department

Period: 2005

Organization: JSC “Chelyabenergo”

Title: Member of the Audit Commission

Period: 2005 – until now

Organization: JSC “Arkhenenergo”

Title: Member of the Audit Commission

Period: 2006 – until now

Organization: JSC “Yantarenergo”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Altaienergo”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Dagestan Energy Sales Company”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Krasnoyarskenergo”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Moscow United Grid Company”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Moscow Heat Grid Company”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Moscow Management Grid Company”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Sverdlovenergo”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Smolenskenergo”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Sverdlovenergo”

Title: Member of the Audit Commission

Period: 2007- until now

Organization: JSC “Tomsk Distribution Company”

Title: Member of the Audit Commission

Period: 14.01.2008- until now

Organization: JSC “CIUS UES”

Title: Member of the Audit Commission

Period: 16.01.2008 – until now

Organization: JSC “Elektrosetservice UNPG”

Title: Member of the Audit Commission

A share in the Issuer’s share capital: nil.

A share in the Issuer’s ordinary shares: nil.

The number of issuer’s shares of each class (type) which may be acquired as a result of exercise of issuer’s option rights: nil

A share of participation in the share capital of the issuer’s subsidiary/related companies: nil

A fraction of ordinary shares in the issuer’s subsidiary/related companies: nil

The number of shares in the issuer’s subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer’s management bodies and/or supervisory bodies exercising control over the issuer’s financial and business activity: nil

This member has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This member did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

5. Chernyshev Vladimir Vladimirovich

Date of birth: 1978

Education: higher

Appointments for last 5 years:

Period: 03.2003 - 06.2004

Organization: JSC "Corporate governance institute"

Title: manager

Period: 06.2004 - 06.2005

Organization: Russian Property Agency

Title: main specialist, fuel and energy complex property section of commercial sector property Department

Period: 06.2005-05.2006

Organization: Russian Property Agency

Title: Consultant, fuel and energy complex property section of commercial sector property Department

Period: 05.2006 – until now

Organization: Russian Property Agency

Title: Adviser, fuel and energy complex property section of commercial sector property Department

A share in the Issuer's share capital: nil.

A share in the Issuer's ordinary shares: nil.

The number of issuer's shares of each class (type) which may be acquired as a result of exercise of issuer's option rights: nil

A share of participation in the share capital of the issuer's subsidiary/related companies: nil

The number of shares in the issuer's subsidiary or related companies of each class (type) which may be acquired as a result of exercise of option rights of the subsidiary or related company: nil

Family relationship with any members of the issuer's management bodies and/or supervisory bodies exercising control over the issuer's financial and business activity: nil

This member has not been brought to administrative responsibility for any breach of law committed in the area of finance, taxation, stock market, or criminal responsibility (criminal record) for offences committed in economy, or offences against governmental power;

This member did not hold office in any management bodies of commercial companies at the time when against such companies bankruptcy proceedings were initiated and/or one of the bankruptcy procedures was applied as provided by the insolvency (bankruptcy) legislation of the Russian Federation.

5.6. Information on the amount of remuneration, benefits and/or compensation for expenses of the supervisory body exercising control over the issuer's financial and business activity

The amount of income of all members of the Audit Commission in 2007 is 3 879 836. 42 rubles

Including:

Salaries: 2 768 375.92 rubles

Bonuses: 744 231.00 rubles

Commission: nil

Benefits: nil

Other property payments: 367 229.50 rubles

There are no payment agreements in 2008.

5.7. Information on staffing level and summary data on education and composition of issuer's officers (employees) and changes in issuer's staffing level.

Issuer's staff on the payroll and the amount of payroll contribution for social service in 2007 and I quarter of 2008:

Name of index	2007	I quarter of 2008
Staff on the payroll	21 034	21 510
Share of issuer's employees having higher professional education, %	48%	48%
Volume of money allocated to remuneration, thousand rubles	7 035 387,8	1 905 569,8
Volume of money allocated to social service, thousand rubles	124 538,5	39 446,0
Total volume of expenditures, thousand rubles	7 159 926,3	1 945 015,8

There have not been any significant changes in the staffing level.

The Issuer's staff includes officers exercising a significant influence on the Issuer's financial and business activity (essential personnel). Information on such officers is given in paragraph 6.2.

A trade union has not been founded by Issuer's officers (employees).

5.8. Information on any issuer's obligations to officers (employees) regarding their possible participation in the issuer's share (reserve) capital (unit fund)

The Issuer has no obligations to the Company employees regarding their possible participation in the share capital of JSC FGS UES.

There is no possibility of giving an option to issuer's officers (employees).

VI. Information on issuer's participants (shareholders) and non-arm's length (interested parties) transactions made by issuer

6.1. Information on total number of issuer's shareholders (participants)

The total number of members registered in the shareholder register as of the end of I quarter of 2008 is 2.

From among this number one is a nominee shareholder. Limited Liability Company "Depository and corporate technologies" (LLC "Depository and corporate technologies"), place of business is located at Ramenki street 17, building 1, Moscow, 119607).

6.2. Information on issuer's participants (shareholders) holding not less than 5 percent of its share (reserve) capital (unit fund), or not less than 5 percent of its ordinary shares and information on such persons' participants (shareholders) holding not less than 20 percent of the share (reserve) capital (unit fund), or not less than 20 percent of their ordinary shares.

Information on Issuer's shareholders holding not less than 5 percent of its share capital, or not less than 5% of its ordinary shares:

1.

full and abbreviated firm names	Russian open joint-stock energy and electrification company "UES of Russia", OAO RAO UES of Russia
taxpayer identification number	7705018828
place of business	Vernadskogo prospect 101, building 3, Moscow, 119526
share in the Issuer's share capital	83.87%
fraction of ordinary shares held by the Issuer	83.87%

This shareholder has the following shareholder holding not less than 20% of the share capital and not less than 20% of Issuer's ordinary shares:

name	Russian Federation represented by the Federal Agency for Federal Property Management (Russian Property Agency)
taxpayer identification number	7710542402
place of business	Nikolsky pereulok 9, Moscow, 103685
share in the share capital of OAO RAO UES of Russia	52.68%
fraction of ordinary shares held by the OAO RAO UES of Russia	54.99%
share in the Issuer's share capital	16.13%
fraction of ordinary shares held by the Issuer	16.13%

Issuer's shares, constituting not less than 5% of the share capital and not less than 5% of ordinary shares, are registered in the Issuer's shareholder register in favour of a nominee shareholder. Information of the nominee shareholder is as follows:

full and abbreviated firm names of the nominee shareholder are Limited Liability Company "Depository and corporate technologies" (LLC "Depository and corporate technologies");
place of business: Ramenki street 17, building 1, Moscow, 119607;

tel: (495) 641-30-31, 641-30-32, 641-30-33;
fax: (495) 641-30-31;
e-mail: dkd@depotech.ru;

number, date of issue and term of validity of a professional stock market participant's licence, name of issuing authority: No 077-08381-000100, issued by the Federal Financial Markets Service of Russia dated 21.04.2005 for a period up to 21.04.2008;

the number of issuer's ordinary shares registered in the issuer's shareholder register in favour of the nominee shareholder is 399 523 055 376 shares.

2.

full and abbreviated firm names	Russian Federation represented by the Federal Agency for Federal Property Management (Russian Property Agency)
taxpayer identification number	7710144747
place of business	Nikolsky pereulok 9, Moscow, 103685
share in the Issuer's share capital	16.13%
fraction of ordinary shares held by the Issuer	16.13%

6.3. Information on a share of participation of the government or a municipal formation in the issuer's share (reserve) capital (unit fund), special right ("golden share")

The issuer's share capital includes a share of the Russian Federation.

Information on the share of the government in the issuer's share capital and special rights:

The value of share in the issuer's share capital held by the federal authorities is 16.13%;

The name, location of an authority holding a state-owned block of shares and a person who on behalf of the Russian Federation discharges the duties of the issuer's shareholder: the Federal Agency for Federal Property Management (Russian Property Agency) located at Nikolsky pereulok 9, Moscow, 103685;

special rights entitling the Russian Federation, constituent members of the Russian Federation, municipal formations to participate in issuer's management ("golden share"): nil.

6.4. Information on restrictions on participation in the issuer's share (reserve) capital (unit fund)

The Issuer's Articles of association do not set any restrictions on the number of shares held by one shareholder and/or their total par value and/or the maximum number of votes granted to one shareholder.

The legislation of the Russian Federation or any other statutory acts of the Russian Federation do not set any restrictions on a share of participation of foreigners in the issuer's share capital.

Any other restrictions connected with the participation in the Issuer's share capital: in accordance with the requirements of Federal Law No 36-FZ dated 26.03.2003 "On the specifics of Electric Power Industry Functioning during the Transition Period, Introduction of Amendments into Certain Legislative Acts of the Russian Federation, and Repeal of Certain Legislative Acts of the Russian Federation due to the Adoption of the Federal Law "On Electric power Industry" the assignment of Issuer's shares before ensuring the Russian Federation's participation in the issuer's share capital of not less than 52% is not permissible.

6.5. Information on changes in the composition and amount of a share of participation of issuer's shareholders (participants) holding not less than 5% of its share (reserve) capital (unit fund), or not less than 5% of its ordinary shares.

Compositions of issuer's shareholders holding not less than 5% of the issuer's share capital and not less than 5% of issuer's ordinary shares determined as of the date of a register of persons entitled to participate in each issuer's general meeting of shareholders held over last 5 completed fiscal years:

In 2002-2006 the issuer had only one shareholder - Russian open joint-stock energy and electrification company "Unified energy system of Russia", OAO RAO UES of Russia, having its place of business at Vernadskogo prospect 101, building 3, Moscow, 119526.

As a result of placing an additional issue of shares (state registration number 1-01-65018-D-001D dated 20.03.2007) the second shareholder has emerged –the Russian Federation represented by the Federal Agency for Federal Property Management (Russian Property Agency).

Dates of making a register of persons entitled to participate in the general meeting of shareholders		29.05.2007	30.06.2007	26.10.2007	05.02.2008
Issuer's shareholders holding not less than 5% of its share capital, or not less than 5% of ordinary shares:					
1	Full and abbreviated firm names (name), place of business	Russian open joint-stock energy and electrification company "Unified energy system of Russia", OAO RAO UES of Russia			
	Share in the issuer's share capital and fraction of ordinary shares held by the issuer	87,56% (87,56%)	87,56% (87,56%)	89,81% (89,81%)	89,82% (89,82%)
2	Full and abbreviated firm names (name), place of business	Russian Federation represented by the Federal Agency for Federal Property Management (Russian Property Agency)			
	Share in the issuer's share capital and fraction of ordinary shares held by the issuer	12,44% (12,44%)	12,44% (12,44%)	10,19% (10,19%)	10,18% (10,18%)

6.6. Information on non-arm's length transactions made by issuer.

Name of index	I quarter of 2008
Total number and total volume in money terms of non-arm's transactions made by the issuer in the reporting period which required approval by an issuer's authorized management body, number/ rubles	47
Total number and total volume in money terms of non-arm's transactions made by the issuer in the reporting period which were approved by the board of directors (supervisory board), number/ rubles	47 / 553 290 263,50
Total number and total volume in money terms of non-arm's transactions made by the issuer in the reporting period which required approval but were not approved by an issuer's authorized management body, number/ rubles	-

Information on each transaction (group of interconnected transactions) which price is 5 and more percent of the issuer's balance sheet asset determined based on its accounting reports as of the latest reporting date before transaction made by the issuer in I quarter of 2008:

- 6 transactions which price is 2% of the volume of actually applied capital investments, in addition to VAT in amount as set by law

- 1 transaction which price is 2% of the volume of transferred-in costs for constructing Installations according to the assignments given to the Company, in addition to VAT as set by law

- 15 transactions, which rental value totally amounts to 4239683 rubles 62 kopecks per month, including VAT of 18%

- 1 transaction which rental value amounts to 464724 rubles 36 kopecks on the basis of 360 days

- 1 transaction which rental value amounts to 95591 rubles 10 kopecks

- 1 transaction which price is 1001000 rubles, including VAT – at a time for connecting the User to the System and 825000 rubles, including VAT – on a monthly basis for technical support services provided to 200 users of JSC FGS UES

- 20 transactions which price totally amounts to 547665264 rubles 41 kopecks
- 2 transactions approved without determining a transaction price.

6.7. Information on the amount of accounts receivable.

Structure of Issuer's accounts receivable with the date of performance of obligations as of the end of 2007:

Type of accounts receivable	Due date	
	Up to one year	More than one year
Trade receivables, thousand rubles	1 683 081	–
including overdue accounts receivable, thousand rubles	-	X
Notes payable, thousand rubles	-	–
Including overdue, thousand rubles	-	X
Receivables from participants (promoters) in respect of contribution to the share capital, thousand rubles	-	–
Including overdue, thousand rubles	-	X
Advances issued, thousand rubles	22 635 275	–
Including overdue, thousand rubles.	-	X
Other accounts receivable, thousand rubles	17 949 309	605 359
Including overdue, thousand rubles	-	X
Total, thousand rubles	42 267 665	605 359
Including total overdue, thousand rubles		X

There are some debtors whose share is not less than 10% of the total amount of accounts receivable within Issuer's accounts receivable:

1. full and abbreviated firm names, place of business: Open joint-stock company "Petersburg backbone grids", JSC "Petersburg backbone grids" in St. Petersburg;
amount of accounts receivable is 4 732 347 thousand rubles;
amount and conditions of overdue accounts receivable (interest rate, penalties, fines): debt is not overdue, penalties were not applied;
debtor is an Issuer's affiliated person.
Issuer's share of participation in the affiliated person's (commercial entity's) share capital is 49.00%;
fraction of ordinary shares of the affiliated person held by the issuer is 57.40%;
share of participation of the affiliated person in the issuer's share capital: nil;
fraction of issuer's ordinary shares held by the affiliated person: nil.

Structure of Issuer's accounts receivable with the date of performance of obligations as of the end of I quarter of 2008:

Type of accounts receivable	Due date	
	Up to one year	Up to one year
Trade receivables, thousand rubles	3 136 803	–
including overdue accounts receivable, thousand rubles	726 085,16	X
Notes payable, thousand rubles	–	–
Including overdue, thousand rubles	–	X
Receivables from participants (promoters) in respect of contribution to the share capital, thousand rubles	–	–
Including overdue, thousand rubles	–	X
Advances issued, thousand rubles	25 128 106,00	–
Including overdue, thousand rubles.	6 333,00	X
Other accounts receivable, thousand rubles	16 705 335,00	605 359,00
Including overdue, thousand rubles	3 624,00	X
Total, thousand rubles	44 970 244,00	605 359,00
Including total overdue, thousand rubles	736 042,16	X

There are some debtors whose share is not less than 10% of the total amount of accounts receivable within Issuer's accounts receivable:

1. full and abbreviated firm names, place of business: Open joint-stock company “Petersburg backbone grids”, JSC “Petersburg backbone grids” in St. Petersburg;
amount of accounts receivable is 4 847 746 thousand rubles;
amount and conditions of overdue accounts receivable (interest rate, penalties, fines): debt is not overdue, penalties were not applied;
debtor is an Issuer’s affiliated person.
Issuer’s share of participation in the affiliated person’s (commercial entity’s) share capital is 49.00%;
fraction of ordinary shares of the affiliated person held by the issuer is 57.40%;
share of participation of the affiliated person in the issuer’s share capital: nil;
fraction of issuer’s ordinary shares held by the affiliated person: nil.

VII. Financial Statements of the Issuer and Other Financial Information

7.1. Annual Financial Statements of the Issuer

The annual financial statements of the issuer attached to the quarterly report include the following:

a) annual financial statements of the issuer for 2007 prepared in accordance with requirements of the legislation of the Russian Federation with the attached auditor's (auditors') conclusion with regard to the said financial statements:

- balance sheet;
- profit & loss account;
- statement of the change in the equity;
- cash flow statement;
- attachment to the balance sheet;
- explanatory notes to the financial statements;
- auditor's conclusion on the financial statements;

b) no financial statements in accordance with the International Financial Reporting Standards were prepared by the issuer for 2007.

7.2. Quarterly Financial Statements of the Issuer for the Last Ended Reporting Quarter

Quarterly financial statements of the issuer attached to the quarterly report include the following:

a) quarterly financial statements for the 1st quarter of 2008 prepared in accordance with requirements of the legislation of the Russian Federation:

- balance sheet;
- profit & loss account;

b) no financial statements in accordance with the International Financial Reporting Standards were prepared by the issuer for the 1st quarter of 2008.

7.3. Consolidated Financial Statements of the Issuer for the Last Ended Financial Year

In accordance with the Order of the Ministry of Finance of the RF dated 30.12.1996 № 112 "On Methodical Guidelines to Prepare and Submit Consolidated Financial Statements", "FNC of UES" JSC is not obliged to prepare consolidated financial statements due to the following reasons:

- the Company prepares consolidated financial statements under the International Financial Reporting Standards (IFRS), as developed by the Board for the International Financial Reporting Standards;

- the Company ensures the trustworthiness of the financial statements prepared based on the IFRS;

- the explanatory notes to the consolidated financial statements contain a list of applied requirements to be met by financial statements, disclose bookkeeping methods, including evaluations differing from rules, as provided by legal regulations and methodical guidelines for the bookkeeping by the Ministry of Finance of the Russian Federation.

As of the date of signing the quarterly report, the issuer did not prepare the consolidated financial statements in accordance with the International Financial Reporting Standards for 2007.

7.4. Information about the Accounting Policy of the Issuer

The information about the accounting policy of the Issuer for 2008 is provided in the attachment to the quarterly report.

7.5. Information about the Export Amount as well as about the Share Constituted by Exports in the Overall Volume of Sales

The issuer does not export any products (goods, works, services).

The issuer renders services related to the export of products outside the Russian Federation: Agreement № 1055 dated 19.02.04 with “INTER RAO UES” CJSC, Agreement № 4119 dated 02.05.06 with “TGK № 1” JSC. Revenues for the 1st quarter of 2008 reach Rb 27,373,947.69. The share is 0.17% in revenue from ordinary activities.

7.6. Information about the Real Estate of the Issuer and Material Changes in Assets of the Issuer after the End of the Financial Year

The total value of the real estate and the amount of the accrued depreciation as of the end of the 1st quarter of 2008 (Rb)

Group	Original cost (subject to the revaluation)	Depreciation	Depreciated cost
Buildings	11,031,380,727	2,732,868,175.27	8,298,512,551.8
Constructions	20,689,275,153.75	6,373,742,008.03	14,315,533,145.72
Transfer mechanisms	105,990,230,097.29	52,841,679,608.87	53,148,550,488.42
Land plots	5,645,791.75	0.0	5,645,791.75
TOTAL	137,716,531,769.94	61,948,289,792.17	75,768,241,977.77

No material changes in the real estate of the issuer occurred during 12 months after the end of the reporting quarter.

Neither acquisitions, nor disposals of assets of the issuer with the value of more than 5 percent of the book value of the issuer’s assets occurred due to any reasons after the end of the last ended financial year before the end of the reporting quarter.

No changes in the issuer’s assets material for the issuer occurred after the end of the last ended financial year before the end of the reporting quarter.

7.7. Information about the Involvement of the Issuer in Court Proceedings if Such Involvement may Significantly Affect the Financial & Economic Operations of the Issuer

The issuer was not involved in any court proceedings the involvement in which may affect its economic operations over the three years previous to the end of the reporting quarter.

VIII. Additional Information about the Issuer and Issued Securities Allocated by It

8.1. Additional Information about the Issuer

8.1.1. Information about the Amount, Structure of the Charter (Share) Capital of the Issuer

The amount of the charter capital of the issuer as of end of the last reporting quarter: Rb 238,173,731,077.50.¹

The division of the charter capital of the issuer into ordinary and preferred shares with the specified total nominal value of each category of shares and the number of shares of each category of shares in the charter capital of the issuer is as follows: the charter capital of the issuer only consists of ordinary shares (ordinary shares constitute 100% of the charter capital) with the nominal value of Rb 238,173,731,077.50.

Shares of the issuer are not outstanding outside the Russian Federation under the foreign law regulating securities issued by foreign issuers certifying rights with regard to the said shares of the issuer.

8.1.2. Information about Changes in the Amount of the Charter (Share) Capital of the Issuer

Information for 2003 – 1st quarter 2008:

Amount and structure of the charter (share) capital of the issuer as of the date of the commencement of the said period: after the moment of the State registration the charter capital was Rb 127,000,000,000 (254,000,000,000 (two hundred and fifty-four milliard) ordinary shares constituting 100% of the charter capital);

Alteration 1:

Name of the governing body of the issuer which took a decision to modify the charter (share) capital of the issuer: annual general shareholders' meeting (under the Charter of "FNC of UES" JSC functions of the annual general shareholders' meeting are performed by the Board of Directors of the sole shareholder – RAO "UES of Russia" JSC);

Date of the preparation and number of the minutes of the meeting of the governing body of the issuer which passed a decision to change the charter (share) capital of the issuer: (extract from the Minutes of the meeting of the Board of Directors of RAO "UES of Russia" JSC dated 25.06.2004 № 172). The decision taken is to decrease the charter capital of "FNC of UES" JSC by redeeming 10,785,516,441 (ten milliard seven hundred and eighty-five million five hundred and sixteen thousand four hundred and forty-one) ordinary shares in "FNC of UES" JSC the title for which passed to "FNC of UES" JSC as a result of a partial payment of the charter capital by the shareholder what constituted 4.24% of the charter capital of "FNC of UES" JSC; the nominal value of such shares was 50 kopecks and their total value was Rb 5,392,758,220.5.

The amount of the charter capital of the issuer after the alteration: 121,607,241,779 (one hundred and twenty-one milliard six hundred and seven million two hundred and forty-one thousand seven hundred and seventy-nine) rubles 50 kopecks (243,214,483,559 ordinary registered shares constituting 100% of the charter capital). Changes in the Charter were filed with Inspectorate № 4716 of the Ministry of Taxes and Levies of Russia on 09.07.2004.

Alteration 2:

Name of the governing body of the issuer which took a decision to modify the charter (share) capital of the issuer: annual general shareholders' meeting (under the Charter of "FNC of

¹ As of the end of the 1st quarter of 2008 such changes in the charter capital of "FNC of UES" JSC were not filed with State authorities for the State registration. Changes were filed with Interregional Inspectorate of the Federal Tax Service № 46 for the city of Moscow on 06 May 2008.

UES” JSC functions of the annual general shareholders' meeting were performed by the Board of Directors of RAO “UES of Russia” JSC);

Date of the preparation and number of the minutes of the meeting of the governing body of the issuer which passed a decision to change the charter (share) capital of the issuer: (extract from the Minutes of the meeting of the Board of Directors of RAO “UES of Russia” JSC dated 21.11.2005 № 208). The decision taken is to increase the charter capital of “FNC of UES” JSC by 160,000,000,000 (one hundred and sixty milliard) ordinary shares in “FNC of UES” JSC with the nominal value of 50 kopecks each and with the total value of Rb 80,000,000,000 (eighty milliard) by placing, under the closed subscription, in favor of RAO “UES of Russia” JSC and the Russian Federation. On 21 March 2006 FSFR of Russia registered the additional issue of registered book-entry shares in “FNC of UES” JSC № 1-01-65018-D-001D. As a result 118,167,724,361 ordinary shares in “FNC of UES” JSC were placed. In accordance with Order of FSFR of Russia № 07-1030/pz-n dated 15.05.2007, the report on the results of the additional issue of 118,167,724,361 ordinary registered book-entry shares in “FNC of UES” JSC was registered, № 1-01-65018-D-001D.

Amount of the charter capital of the issuer after the alteration: 180,691,103,960 (one hundred and eighty milliard six hundred and ninety-one million one hundred and three thousand nine hundred and sixty) rubles 50 kopecks (361,382,207,920 (ordinary registered shares constituting 100% of the charter capital)). Amendments to the Charter were filed with Interregional Inspectorate of the Federal Tax Service № 46 for the city of Moscow on 19 July 2007.

Alteration 3:

Name of the governing body of the issuer which took a decision to modify the charter (share) capital of the issuer: annual general shareholders' meeting (under the Charter of “FNC of UES” JSC functions of the annual general shareholders' meeting were performed by the Board of Directors of RAO “UES of Russia” JSC);

Date of the preparation and number of the minutes of the meeting of the governing body of the issuer which passed a decision to change the charter (share) capital of the issuer: 06 March 2007, minutes dated 06 March 2007 № 246.

On 23 August 2007 FSFR of Russia registered the additional issue of ordinary registered book-entry shares in “FNC of UES” JSC under № 1-01-65018-D-002D. As a result 114,965,254,235 ordinary registered book-entry shares in “FNC of UES” JSC with the nominal value of 50 kopecks each were placed. The placement of shares was made within the framework of the closed subscription in favor of RAO “UES of Russia” JSC and the Russian Federation. The placement was completed on 17.03.2008.

The amount of the charter capital of the issuer after the alteration is as follows: Rb 238,173,731,077.50.²

8.1.3. Information about the Formation and Use of the Reserve Fund as well as Other Funds of the Issuer

Name of the fund: Reserve fund.

The amount of the fund, as provided by the constituent documents: in accordance with item 8.1 of the Charter, the Company shall create the Reserve Fund amounted to 5 (Five) percent of the charter capital of the Company.

The amount of mandatory annual allocations to the Reserve Fund of the Company is 5 (Five) percent of the net profit of the Company until the Reserve Fund reaches the required amount.

The money amount of the fund as of the end of each ended financial year and the percentage of the charter (share) capital: in 2003 no reserve fund was created by the issuer due to losses incurred in the course of the commercial activity in 2002. Based on the results of 2003, the reserve fund was created in 2004 in the amount of Rb 52,448 tnd what is 0.04% of the charter capi-

² As of the end of the 1st quarter of 2008 such changes in the charter capital of “FNC of UES” JSC were not filed with State authorities for the State registration. Changes were filed with Interregional Inspectorate of the Federal Tax Service № 46 for the city of Moscow on 06 May 2008.

tal of the issuer. In 2005, the amount of the reserve fund reached Rb 1,782,195 tnd what is 1.47% of the charter capital of the issuer. In 2006, the amount of the reserve fund reached Rb 3,411,969 tnd, what is 2.81% of the charter capital of the issuer. In 2007, the amount of the reserve fund reached Rb 4,657,605 tnd what is 2.58% of the charter capital of the issuer.

Amounts of allocations to the fund during each ended financial year were as follows:

In 2003 the issuer did not create the reserve fund.

In 2004 the allocations to the fund reached Rb 52,448 tnd.

In 2005 the allocations to the fund reached Rb 1,729,747 tnd.

In 2006 the allocations to the fund reached Rb 1,629,774 tnd.

In 2007 the allocations to the fund reached Rb 1,245,636 tnd.

The amount of the fund money used during each ended financial year and directions of spending such funds: no money of the reserve fund was used.

As of the end of the 1st quarter of 2008, the amount of the reserve fund reached Rb 4,657,605,106.81. No allocations were made in the 1st quarter 2008.

8.1.4. Information about the Manner of the Convocation and Holding of the Meeting of the Supreme Governing Body of the Issuer

The general shareholders' meeting shall be the supreme governing body of the Company.

Notification of shareholders (members) of holding the meeting being the supreme governing body of the issuer:

In accordance with article 52 of the Federal Act "On Joint-Stock Companies" ("Act"), the notice of holding the general shareholders' meeting shall be given at least 20 days in advance; the notice of holding the general shareholders' meeting with the agenda containing an issue of the reorganization of the Company shall be given at least 30 days before the date of its holding. In the case provided by item 2, article 53, of the Act, the notice of holding the extraordinary general shareholders' meeting shall be sent at least 50 days before its holding.

The notice of holding the general shareholders' meeting shall be given at least 30 (thirty) days before its holding to each person specified in the list of persons authorized to attend the general shareholders' meeting as well as published in the newspaper "Russian Newspaper" ("Rossiyskaya Gazeta"), unless a longer term is required by the law of the Russian Federation.

If a nominal holder of shares is registered in the register of shareholders of the Company, the notice of holding the general shareholders' meeting shall be sent to the address of the nominal holder of shares unless the list of persons authorized to attend the general shareholders' meeting specifies another postal address to which the notice of holding the general shareholders' meeting shall be sent. If the notice of holding the general shareholders' meeting is given to a nominal holder of shares, it shall notify its clients in the manner and within terms, as provided by legal regulations of the Russian Federation or the agreement concluded with the client.

Persons (bodies) authorized to convene (require the convocation) of the extraordinary meeting of the supreme governing body of the issuer as well as the manner of sending such requests:

In accordance with article 55 of the Act, the extraordinary general shareholders' meeting shall be held by resolution of the board of directors (supervisory board) of the Company on its own initiative, upon the request of the inspection commission (inspector) of the Company, the auditor of the Company, as well as shareholders (shareholder) holding at least 10 percent of voting shares in the Company as of the date of the requests. The extraordinary general shareholders' meeting upon the request of the inspection commission (inspector) of the Company, the auditor of the Company, or the shareholders (shareholder) holding at least 10 percent of voting shares of the Company shall be convened by the board of directors (supervisory board) of the Company. The request to hold the extraordinary general shareholders' meeting shall word issues to be included into the agenda of the meeting. The request to hold the extraordinary general shareholders' meeting may also contain wordings of resolutions on each of such issues as well as a proposal regarding the form of holding the general shareholders' meeting. If the request to convene the extraordi-

nary general shareholders' meeting contains a proposal of any candidates such proposal shall be governed by provisions of article 53 of the Act. If the request to convene the extraordinary general shareholders' meeting is made by shareholders (shareholder), it shall contain names of shareholders (shareholder) requiring the convocation of such meeting and information about the number, categories (types) of their shares. The request to convene the extraordinary general shareholders' meeting shall be signed by persons (person) requiring the convocation of the extraordinary general shareholders' meeting.

Manner of the fixation of the date to holding the meeting of the supreme governing body of the issuer:

In accordance with article 47 of the Act, the annual general shareholders' meeting shall be held within the terms fixed by the Charter of the Company, however, not earlier than in two months and not later than in six months after the end of the financial year. In accordance with article 54 of the Act, during the preparation for holding the general shareholders' meeting, the board of directors (supervisory board) of the Company shall fix a date, place, and time for holding the general shareholders' meeting.

The extraordinary general shareholders' meeting convened upon the request of the inspection commission (inspector) of the Company, the auditor of the Company, or shareholders (shareholder) holding at least 10 percent of voting shares in the Company (“persons authorized to convene the general shareholders' meeting”) shall be held within 40 days after the submission of the request to hold the extraordinary general shareholders' meeting.

If the proposed agenda of the general shareholders' meeting contains an issue related to the election of members of the board of directors (supervisory board) of the Company to be elected by cumulative voting, such general shareholders' meeting shall be held within 70 days after the submission of the request of holding the extraordinary general shareholders' meeting.

If in accordance with the Federal Law “On Joint-Stock Companies” the board of directors of the Company shall take a decision to hold the extraordinary general shareholders' meeting to elect members of the board of directors of the Company, such the general shareholders' meeting shall be held within 70 days after the adoption of such decision to hold it by the board of directors of the Company.

Persons authorized to make proposals to the agenda of the meeting of the supreme governing body of the issuer as well as the manner of making such proposals:

Shareholders (shareholder) holding together at least 2 percent of voting shares in the Company shall be authorized to propose issues to the agenda of the annual general shareholders' meeting and to propose candidates to the Board of Directors of the Company and the Inspection Commission, with their number not exceeding the number of the members of the relevant body. Such proposals shall be received by the Company within 60 days after the end of the financial year.

The proposal of issues to the agenda of the general shareholders' meeting and the proposal of candidates made by shareholders (shareholder) shall be made in writing, with the specified name(s) of the shareholder (shareholders) making the proposals or requests to hold the extraordinary meeting, quantity and categories (types) of their shares.

In the event the proposed agenda of the extraordinary general shareholders' meeting contains an issue related to the election of members of the Board of Directors of the Company to be elected by cumulative voting, shareholders (shareholder) of the Company holding together at least 2 percent of voting shares in the Company shall be authorized to propose candidates to the Board of Directors of the Company in the number not exceeding the number of the members of the Board of Directors of the Company. Such proposals shall be made to the Company at least 30 days before the date of holding of the extraordinary general shareholders' meeting.

Persons authorized to examine the information (materials) provided for the preparation and holding of the meeting of the supreme governing body of the issue as well as the manner of the examination of such information (materials):

Within 20 days or, if the agenda of the general shareholders' meeting contains an issue on the reorganization of the Company, within 30 days before holding the general shareholders' meet-

ing, the information (materials) shall be made available to persons authorized to attend the general shareholders' meeting at premises of the executive body of the Company and at other places addresses of which are specified in the notice of holding the general shareholders' meeting.

The said information (materials) shall be made available to persons attending the general shareholders' meeting during its holding.

Upon the request of the person authorized to attend the general shareholders' meeting, the Company shall provide it with copies of the said documents. The fee charged by the Company for the issue of such copies shall not exceed costs for their production.

Manner of the announcement (provision of information to shareholders of the issuer) of the decisions passed by the supreme governing body of the issuer as well as voting results:

If the general shareholders' meeting of the Company is held as a meeting (joint presence):

In the event the voting results and resolutions passed by the general shareholders' meeting of the Company are not announced at the General Meeting, within 10 (Ten) days after the preparation of the minutes on voting results, resolutions passed by the general shareholders' meeting of the Company as well as voting results shall be published by the Company in newspaper "Russian Newspaper".

If the general shareholders' meeting of the Company is held by voting in writing:

Resolutions passed by the general shareholders' meeting as well as voting results in a format of the report of voting results shall be published in newspaper "Russian Newspaper" within 10 (Ten) days after the preparation of the minutes on the voting results.

8.1.5. Information about Commercial Organizations in Which the Issuer Holds at Least 5 Percent in the Charter (Share) Capital or at Least 5 Percent of Ordinary Shares

1) "Interregional Main Network Company "Volga" Open Joint-Stock Company ("MMSK "Volga" JSC)

Location: 5, Plevaya Street, 443100, Samara, Russian Federation. A share of "FNC of UES" JSC in the charter capital of "MMSK "Volga" JSC as well as a share of ordinary shares in the said company belonging to "FNC of UES" JSC is 15%.

A share of "MMSK "Volga" JSC in the charter capital of "FNC of UES" JSC as well as a share of ordinary shares in "FNC of UES" JSC held by "MMSK "Volga" JSC is 0%.

2) "Interregional Main Network Company "Vostok" Open Joint-Stock Company ("MMSK "Vostok" JSC)

Location: 65, Sheronov Street, 63030 Khabarovsk, Russian Federation. A share of "FNC of UES" JSC in the charter capital of "MMSK "Vostok" JSC as well as a share of ordinary shares in the said company belonging to "FNC of UES" JSC is 15%.

A share of "MMSK "Vostok" JSC in the charter capital of "FNC of UES" JSC as well as a share of ordinary shares in "FNC of UES" JSC held by "MMSK "Vostok" JSC – 0%.

3) "Interregional Main Network Company "Severo-Zapad" Open Joint-Stock Company ("MMSK "Severo-Zapad" JSC)

Location: 1, Kurchatov Street, 194223 Saint-Petersburg, Russian Federation.

A share of "FNC of UES" JSC in the charter capital of "MMSK "Severo-Zapad" JSC as well as a share of ordinary shares in the said company belonging to "FNC of UES" JSC is 15%.

A share of "MMSK "Severo-Zapad" JSC in the charter capital of "FNC of UES" JSC as well as a share of ordinary shares in "FNC of UES" JSC held by "MMSK "Severo-Zapad" JSC – 0%.

4) "Interregional Main Network Company "Siberia" Open Joint-Stock Company ("MMSK "Siberia" JSC)

Location: 66A, Svobodny Avenue, 660062 Krasnoyarsk, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “MMSK “Siberia” JSC as well as a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 15%.

A share of “MMSK “Siberia” JSC in the charter capital of “FNC of UES” JSC as well as a share of ordinary shares in “FNC of UES” JSC held by “MMSK “Siberia” JSC – 0%.

5) “Interregional Main Network Company “Ural” Open Joint-Stock Company (“MMSK “Ural” JSC)

Location: 6, Tolmachev Street, 620219 Ekaterinburg, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “MMSK “Ural” JSC as well as a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 15%.

A share of “MMSK “Ural” JSC in the charter capital of “FNC of UES” JSC as well as a share of ordinary shares in “FNC of UES” JSC held by “MMSK “Ural” JSC – 0%.

6) “Interregional Main Network Company “Center” Open Joint-Stock Company (“MMSK “Center” JSC)

Location: 1, Tkatskaya Street, 105318 Moscow, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “MMSK “Center” JSC as well as a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 15%.

A share of “MMSK “Center” JSC in the charter capital of “FNC of UES” JSC as well as a share of ordinary shares in “FNC of UES” JSC held by “MMSK “Center” JSC – 0%.

7) “Interregional Main Network Company “Ug” Open Joint-Stock Company (“MMSK “Ug” JSC)

Location: 2, Darnitskiy Lane, village of Inozemtsevo, town of Zheleznovodsk, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “MMSK “Ug” JSC as well as a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 15%.

A share of “MMSK “Ug” JSC in the charter capital of “FNC of UES” JSC as well as a share of ordinary shares in “FNC of UES” JSC held by “MMSK “Ug” JSC – 0%.

8) “Nurenergo” Open Joint-Stock Company (“Nurenergo” JSC)

Location: 6, Staropromyslovskoe highway, city of Grozny, Chechen Republic.

A share of “FNC of UES” JSC in the charter capital of “Nurenergo” JSC as well as a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 77%.

A share of “Nurenergo” JSC in the charter capital of “FNC of UES” JSC as well as a share of ordinary shares in “FNC of UES” JSC held by “Nurenergo” JSC – 0%.

9) “EnergoRynok” Closed Joint-Stock Company (“EnergoRynok” CJSC)

Location: 3, Stary Zykovsky Lane, 125167 Moscow, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “EnergoRynok” CJSC as well as a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 8.5%.

A share of “EnergoRynok” CJSC in the charter capital of “FNC of UES” JSC as well as a share of ordinary shares in “FNC of UES” JSC held by “EnergoRynok” CJSC – 0%.

10) Full and abbreviated corporate name: “Moscow Energy Communication Unit” Open Joint-Stock Company (“MUS Energetiki” JSC)

Location: 7, Kitaigorodskiy Passage, Moscow, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “MUS Energetiki” JSC as well as a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 99.99%.

A share of “MUS Energetiki” JSC in the charter capital of “FNC of UES” JSC as well as a share of ordinary shares in “FNC of UES” JSC held by “MUS Energetiki” JSC – 0%.

11) Full and abbreviated corporate name: “Certifying Center of Electronic Digital Signature of Electric Power” Open Joint-Stock Company (“UTs Elektroenergetiki” JSC)

Location: 101, Vernadskiy Avenue, bld. 3, 119526 Moscow, Russian Federation;

A share of “FNC of UES” JSC in the charter capital of “MUS Energetiki” JSC is 50%; a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 50%.

A share of “MUS Energetiki” JSC in the charter capital of “FNC of UES” JSC is 0% as well as a share of ordinary shares in “FNC of UES” JSC held by “MUS Energetiki” JSC is 0%.

12) Full and abbreviated corporate name: “Sangtudinskaya GES-1” Open Joint-Stock Company (“Sangtudinskaya GES-1” JSC)

Location: 2a, Shestopalov Street, 734033 Dushanbe, Republic of Tajikistan;

A share of “FNC of UES” JSC in the charter capital of “Sangtudinskaya GES-1” JSC is 21.16%; a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 21.16%.

A share of “Sangtudinskaya GES-1” JSC in the charter capital of “FNC of UES” JSC is 0% as well as a share of ordinary shares in “FNC of UES” JSC held by “Sangtudinskaya GES-1” JSC is 0%.

13) Full and abbreviated corporate name: “Scientific Research Center of Electric Power” Open Joint-Stock Company (“NTS of Elektroenergetiki” JSC)

Location: 5a, Academician Chalomey Street, 117630 Moscow, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “NTS of Elektroenergetiki” JSC is 100%; a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 100%.

A share of “NTS of Elektroenergetiki” JSC in the charter capital of “FNC of UES” JSC is 0% as well as a share of ordinary shares in “FNC of UES” JSC held by “NTS of Elektroenergetiki” JSC is 0%.

14) Full and abbreviated corporate name: “Energostroynabkomplekt UES” Open Joint-Stock Company.

Location: 7, Kitaigorodsky Passage, Moscow.

A share of “FNC of UES” JSC in the charter capital of “Energostroynabkomplekt UES” JSC is 99.99%; a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 99.99%.

A share of “Energostroynabkomplekt UES” JSC in the charter capital of “FNC of UES” JSC is 0% as well as a share of ordinary shares in “FNC of UES” JSC held by “Energostroynabkomplekt UES” JSC is 0%.

15) Full and abbreviated corporate name: “United Energy System “GruzRosenergo” Joint-Stock Company (“OES GruzRosenergo” JSC)

Location: 5a, Academician Chalomey Street, 117630 Moscow, Russian Federation.

A share of “FNC of UES” JSC in the charter capital of “OES GruzRosenergo” JSC is 50.00%; a share of ordinary shares in the said company belonging to “FNC of UES” JSC is 50.00%.

A share of “OES GruzRosenergo” JSC in the charter capital of “FNC of UES” JSC is 0% as well as a share of ordinary shares in “FNC of UES” JSC held by “OES GruzRosenergo” JSC is 0%.

16) “FNC of UES” JSC holds less than 5 percent in the charter capital and less than 5 percent of ordinary shares in 50 main network companies. The information about such companies (full and abbreviated corporate names, locations, information about shares of “FNC of UES” JSC in the charter capitals as well as ordinary shares held by “FNC of UES” JSC in the charter capitals of such companies and information about ordinary shares in “FNC of UES” JSC held by such companies) are provided in item 3.5 of the quarterly report.

8.1.6. Information about Major Transactions Made by the Issuer

Major transactions (interrelated transactions) the rate of obligations for which is 10 or more percent of the book value of the issuer's assets according to its accounting records for the last ended reporting period previous to the conclusion of the transaction made by the issuer over the last 5 ended financial years:

date of the transaction conclusion: 20.03.2007;
subject matter and other material conditions of the transaction: ordinary registered shares in "FNC of UES" JSC;
information about the compliance with requirements related to the State registration and/or notarization of the transaction in cases provided by the law of the Russian Federation: no such requirements are envisaged;
price of the transaction in the monetary denomination and as a percentage of the book value of the issuer's assets as of the end of the last ended reporting period preceding to the date of the transaction conclusion: Rb 22,480,000,000; percentage of the issuer's assets value: 11.05%;
term of the fulfillment of obligations under the transaction as well as information about the fulfillment of the said obligations: 20.03.2006, obligations are fulfilled in full;
in the event of the delay in the fulfillment of the obligations by the contractor or issuer for the said transaction – reasons of such delay (if they are known to the issuer) and consequences for the contractor or issuer, specifying penalties, as provided by the transaction conditions: no delays were admitted by the contractor or issuer in the fulfillment of their obligations;
information about the relation of this transaction to major transactions as well as its approval by the governing body of the issuer: the said transaction is not a major transaction.
other information about the transaction concluded specified by the issuer at its own discretion: no.

date of the transaction conclusion: 28.07.2006;
subject matter and other material conditions of the transaction: ordinary registered shares in "FNC of UES" JSC.
information about the compliance with requirements related to the State registration and/or notarization of the transaction in cases provided by the law of the Russian Federation: no such requirements are envisaged;
price of the transaction in the monetary denomination and as a percentage of the book value of the issuer's assets as of the end of the last ended reporting period preceding to the date of the transaction conclusion: Rb 31,754,248,404; percentage of the issuer's assets value: 18.6%;
term of the fulfillment of obligations under the transaction as well as information about the fulfillment of the said obligations: under agreement 1: 16 days after the conclusion of the agreement; under agreement 2: 15 days after the conclusion of the agreement; obligations are fulfilled in full;
in the event of the delay in the fulfillment of the obligations by the contractor or issuer for the said transaction – reasons of such delay (if they are known to the issuer) and consequences for the contractor or issuer, specifying penalties, as provided by the transaction conditions: no delays were admitted by the contractor or issuer in the fulfillment of their obligations;
information about the relation of this transaction to major transactions as well as its approval by the governing body of the issuer: the said transaction is not a major transaction.
other information about the transaction concluded specified by the issuer at its own discretion: no.

Major transactions (interrelated transactions) the rate of obligations for which is 10 or more percent of the book value of the issuer's assets according to its accounting records for the last ended reporting period previous to the conclusion of the transaction made by the issuer over the 1st quarter of 2008: no.

8.1.7. Information about Credit Ratings of the Issuer

The object to which the credit rating is assigned is the issuer:

Credit rating value:

Rating agency Standard & Poor's.

International scale in the foreign currency: BBB/positive;

International scale in the national currency: BBB/positive;

National scale (Russia): ruAAA.

Rating agency Moody's Investors Service Limited Agency

International scale in the foreign currency: Baa2/stable;

History of changes in the credit rating values: from 11 June 2004 rating agency Standard & Poor's assigned and confirmed issuer's credit ratings at the level of "B" under the international scale and "ruA+" under the Russian scale. On 4 November 2004, at the background of favorable macroeconomic changes in Russia, the agency improved the credit rating of "FNC of UES" JSC under the international scale from "B" to "B+", leaving the rating under the Russian scale without changes.

On 12 December 2005 rating agency Standard & Poor's changed the credit rating of "FNC of UES" JSC under the international scale from "B+(Stable)" to "B+(Positive)" and under the Russian scale – "ruA+". In February 2006 the forecast rating of Moody's "(P)Baa2(Stable)" was assigned to the Company and under the Russian scale – "Aaa.ru".

On 03 February 2006 rating agency Moody's Investors Service Limited Agency assigned to the issuer and confirms credit rating at the level of (P)Baa2 under the international scale and (P)Aaa.ru under the national scale.

On 15 November 2006 this rating was confirmed by agency Standard & Poor's.

On 2 February 2007 rating agency Standard & Poor's improved the credit rating of "FNC of UES" JSC to the level of "B+(Positive)" under the international scale and to "AA+" under the Russian scale.

On 4 April 2007, the rating of Moody's agency was confirmed as a result of annual rating revision actions.

On 31 October 2007 agency Standard & Poor's placed the issuer's rating in the list of ratings to be revised with positive forecast.

full and abbreviated corporate name (for non-commercial organization - name): Standard & Poor's International Services Inc., Standard & Poor's;

location of the organization assigning the credit rating: Moscow office at: 4/7, Vozdvizhenka, bld. 2, 125009 Moscow;

description of the credit rating assigning methods or address of a web page in the Internet where the information about the credit rating assigning methods is freely available: <http://www.standardandpoors.ru>;

full and abbreviated name (for non-commercial organization - name): Moody's Investors Service Ltd., Moody's.

location of the organization assigning the credit rating: London office – 2 Minster Court, Mincing Lane, London, EC3R 7XB; New York Office – 99 Church Street, New York, NY 1007.

description of the credit rating assigning methods or address of a web page in the Internet where the information about the credit rating assigning methods is freely available: <http://www.moodys.com>.

other information about the credit rating specified by the issuer at its own discretion: no other information is available.

The object to which the credit rating is assigned (issuer, securities): securities:

Credit rating value: "RuA+".

History of changes in credit rating values: 20 December 2004 agency Standard & Poor's assigned the additional credit rating "RuA+" to the issue of bonds of "FNC of UES" JSC with the

nominal value of Rb 5 mlrd and the period of circulation equal to 1820 the allocation of which was made on 21 December 2004.

On 22 June 2005 agency Standard & Poor's assigned credit rating "RuA+" to the second issue of bonds of "FNC of UES" JSC with the nominal value of Rb 7 mlrd and the period of circulation equal to 1092 days the allocation of which was made on 28 June 2005.

On 15 December 2005 agency Standard & Poor's assigned additional credit rating "RuA+" to the issue of bonds of "FNC of UES" JSC with the nominal value of Rb 7 mlrd and the period of circulation equal to 1092 days the allocation of which was made on 16 December 2005.

On 11 October 2006 agency Standard & Poor's assigned additional credit rating "RuA+" to the issue of bonds of "FNC of UES" JSC with the nominal value of Rb 6 mlrd and the period of circulation equal to 1820 days the allocation of which was made on 12 October 2006.

On 4 December 2006 agency Standard & Poor's assigned additional credit rating "RuA+" to the issue of bonds of "FNC of UES" JSC with the nominal value of Rb 5 mlrd and the period of circulation equal to 1092 days the allocation of which was made on 5 December 2006.

full and abbreviated corporate name (for non-commercial organization - name): Standard & Poor's International Services Inc., Standard & Poor's;

location of the organization assigning the credit rating: Moscow office at: 4/7, Vozdvizhenka, bld. 2, 125009 Moscow;

description of the credit rating assigning methods or address of a web page in the Internet where the information about the credit rating assigning methods is freely available: <http://www.standardandpoors.ru>;

other information about the credit rating specified by the issuer at its own discretion: no other information is available.

8.2. Information about Each Category (Type) of Shares of the Issuer sm

Category of shares: ordinary;

Securities form: registered book-entry securities;

Par value of each share: 50 kopecks;

Number of the outstanding shares (number of shares being redeemed or canceled): 476,347,462,155 shares;

Number of additional shares being placed (number of shares of the additional issue for which the report on the results of their issue was not filed with State authorities for the State registration): no.

Number of declared shares – 965,034,745,765 ordinary registered shares with the nominal value of 50 (fifty) kopecks each.

Number of shares reported at the balance sheet of the issuer: 0

Number of additional shares which may be placed as a result of the conversion of the allocated securities convertible into shares or as a result of the fulfillment of obligations for issuer's options: 0.

State registration number and date of the State registration of the issue and additional issues:

1-01-65018-D dated 10.09.2002

1-01-65018-D-001 dated 21.03.2006

1-01-65018-D-002 dated 23.08.2007

Rights of a holder of shares of such category (type):

Each ordinary share grants to a shareholder holding it the same scope of rights in accordance with the effective legislation.

to attend, in person or by proxy, the general shareholders' meeting of the Company with the right to vote on all the issues within its competence;

to make proposals to the agenda of the general meeting in the manner provided by the effective legislation of the Russian Federation and this Charter;

to obtain information about the Company's business and to examine documents of the Company in accordance with article 91 of the Federal Law "On Joint-Stock Companies";
to obtain dividends declared by the Company;
to exercise a preemptive right to buy additional shares and issued securities convertible into shares by public offering in the number proportional to the number of their shares of such category (type);
to obtain some assets of the Company in the event of its liquidation;
to exercise other rights as provided by the legislation of the Russian Federation and the Charter of the Company.

Other rights, as provided by the law of the Russian Federation.

In accordance with article 34 of the Law "On Joint-Stock Companies" ("Act") a share held by an incorporator of the company shall not give any voting rights until its complete payment, unless otherwise provided by the Charter of the Company.

In accordance with article 40 of the Act, shareholders of the company who voted against or abstained from voting on the issue related to the placing, by closed subscription, shares and issued securities convertible into shares shall have a preemptive right to buy additional shares and issued securities convertible into shares placed by closed subscription in the number proportional to the number of shares of such category (type) held by them.

The said right shall not cover the placement of shares and other issued securities convertible into shares by closed subscription only among shareholders if the shareholders may buy an integer number of allocated shares and issued securities convertible into shares proportionally to the number of their shares of the relevant category (type).

In accordance with article 41 of the Act a person having a preemptive right to buy additional shares and issued securities convertible into shares shall be authorized to exercise its preemptive right, fully or partially, by sending to the company a written notice of its wish to buy shares and issued securities convertible into shares and a document of the payment for the acquired shares and issued securities convertible into shares.

In accordance with article 45 of the Act an entry shall be made to the register of shareholders of the company upon the request of a shareholder or a nominal holder of shares within three days after the submission of documents, as provided by legal regulations of the Russian Federation. Legal regulations of the Russian Federation may provide for a shorter term for making entries to the register of shareholders of the company.

In accordance with article 46 of the Act a holder of the register of shareholders of the company shall confirm, upon the request of a shareholder or a nominal holder of shares, its rights for shares by issuing an extract from the register of shareholders of the company which shall not be a security.

In accordance with article 59 of the Act, voting at the general shareholders' meeting shall be conducted based on a principle: "one voting share in the company – one vote", except cumulative voting, as provided by the Federal Act.

In accordance with article 71 of the Act the company or shareholders (shareholder) holding together at least 1 percent of allocated ordinary shares in the company shall be authorized to bring an action to the court against a member of the board of directors (supervisory board) of the company, chief executive officer of the company (director, general director), a member of the collective executive body of the company (managing board, directorate) or against a managing organization or a manager regarding the compensation of losses caused to the Company, as provided by item 2 of article 71 of the Act.

In accordance with article 72 of the Act each shareholder holding shares of specific categories (types) the resolution on the acquisition of which was passed may sell the said shares and the company shall buy them.

In accordance with article 75 of the Act shareholders holding voting shares shall be authorized to require the repurchase by the company of all or any their shares in the following cases:
in the event of the reorganization of the Company or conclusion of a major transaction the resolution on the approval of which is passed by the general shareholders' meeting in accordance

with item 2 of article 79 of the Act if they voted against the approval of the decision on its reorganization or approval of the said transaction or failed to vote on such issues;

amendments and additions made to the charter of the company or approval of a new draft of the charter of the company restricting their rights if they voted against the ratification of the relevant decision or failed to vote thereon.

8.3. Information about Previous Issues of Issued Securities of the Issuer, Except Shares of the Issuer

8.3.1. Information about Issues All Securities of Which Were Redeemed (Canceled)

Information about issues securities of which are redeemed (canceled):

Kind, series (type), and other identification features of securities: documentary interest non-convertible bearer bonds series 01 with the mandatory centralized custody (“Bonds”);

State registration number of the issue of securities, date of the State registration of the securities issue: № 4-01-65018-D dated 02 December 2004.

Additional issues of securities: no

Information about the State registration of the report of the securities issue: 18 January 2005.

Name of the registration body (bodies) in charge of the State registration of the issue (additional issue) of securities and State registration of the report of the results of the issue (additional issue) of securities: FSFR of Russia;

Number of the issued securities: 5,000,000 (Five million) securities;

Nominal value of each security of the issue: Rb 1,000 (One thousand) each;

Volume of the issue of securities at par value: Rb 5,000,000,000 (Five milliard);

Term (date) for the redemption of securities of the issue: 18 December 2007;

Grounds for the redemption of securities of the issue: fulfillment of obligations on securities.

8.3.2. Information about Issues Securities of Which Are Outstanding

2. Kind, series (type), form: *documentary interest non-convertible bearer bonds series 02 with the mandatory centralized custody.*

State registration number – 4-02-65018-D, date of the State registration of the issue: 11.05.2005.

Name of the registration body in charge of the State registration of the issue of securities: FSFR of Russia.

Date of the registration of the report on the results of the securities issue: 23.08.2005.

Name of the registration body in charge of the State registration of the report on the results of the securities issue: FSFR of Russia.

number of securities of the issue: 7,000,000 (Seven million) securities;

nominal value of a security of the issue: Rb 1,000.

Volume of the issue at par value: Rb 7,000,000,000.

Rights reserved for each security of the issue:

A Bond holder shall be authorized to obtain the amounts resulted from the redemption of the nominal value within the term, as provided by the Resolution on the issue and the Prospectus.

A Bond holder shall be authorized to obtain the interest fixed therein equal to a percentage of the nominal value of the Bond (coupon yield) the manner of determination of which is specified in item 9.3 of the Resolution on the issue and in item 9.1.2 of the Prospectus.

The actions of holders and/or nominal holders of the Bonds in the event of the refusal of the Issuer to fulfill its obligations related the Bonds of this issue, their non-performance or improper performance are specified in item 9.7 of the Resolution on the issue and in item 9.1.2 of the Prospectus.

The issuer undertakes to repay to Bond holders funds invested therein in the event the issue of the Bonds is recognized failed or invalid under the law.

A Bond holder shall be authorized to exercise other rights, as provided by the law of the Russian Federation.

The securities are fully allocated.

The securities are documentary securities with the mandatory centralized custody

The securities are documentary securities with the mandatory centralized custody full corporate name of the depository ensuring the centralized custody: *Non-commercial Partnership "National Depository Center"*;

abbreviated corporate name of the depository ensuring the centralized custody: *NDC*,

location of the depository ensuring the centralized custody: *1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow*,

number of the license to perform the depository activity: *177-03431-000100*

issue date: *04.12.2000*,

validity term: *perpetual license*

licensing body: *Federal Securities Commission of Russia*.

Maturity date of the issued bonds:

Commencement date:

1820th (one thousand eight hundred and twentieth) day after the date of the commencement of the allocation of the issued Bonds.

Completion date:

Date of commencement and completion of the redemption of the issued Bonds coincide.

Bond redemption form:

The issued Bonds shall be redeemed in specie denominated in the currency of the Russian Federation in a cashless form. Bond holders cannot select a form of the Bond redemption.

The redemption of the Bonds is made by the payment agent upon the request and at the expense of the Issuer ("Payment Agent").

If the Bond redemption falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

The Bond redemption shall be made at par value.

The payment of the nominal value of the Bonds upon their redemption shall be made in rubles of the Russian Federation in a cashless form.

The nominal value of the Bonds shall be made as follows:

The payment shall be made in the currency of the Russian Federation in a cashless form in favor of Bond holders being as such as of the end of the operating day of NDC preceding to the 3rd (third) business day before the date of the redemption of the Bonds (“Date of the preparation of the list of holders and/or nominal holders of the Bonds for the payment of the redemption amount”).

It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond redemption. Depositors of NDC being nominal holders and not authorized by their clients to obtain funds upon the payment of the Bond redemption amount due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (second) business day before the date of the Bond redemption, the list of holders and/or nominal holders of the Bonds for the payment of the redemption amount.

A Bond holder not being a depositor of NDC may authorize a nominal holder of the bonds being a depositor of NDC to obtain amounts related to the Bond redemption.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds redemption amount, the nominal holder shall be presumed to be a person authorized to obtain amounts of the Bonds redemption.

If the rights of the Bond holder are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds redemption, the Bond holder shall be presumed to be a person authorized to obtain the Bond redemption.

On the grounds of the information available or provided by depositors, NDC shall provide the List of holders and/or nominal holders of the Bonds for the payment of the redemption amount to the Issuer and the Payment Agent before or on the 2nd (second) business day before the date of the Bond redemption. The list of holders and/or nominal holders of the Bonds for the payment of the redemption amount shall include the following information:

a) full name (surname, name, patronymic for an individual) of the person authorized to obtain amounts related to the Bond redemption;

b) number of the Bonds recorded at the deposit account of a person authorized to obtain amounts related to the Bonds redemption;

c) location and postal address of a person authorized to obtain amounts related to the Bonds redemption;

d) references of the banking account of a person authorized to obtain amounts related to the Bonds redemption, namely:

- number of the account with the bank;

- name of the bank (with the specified city of the bank) with which the account is opened;

- correspondent account of the bank with which the account is opened;

- banking identification code of the bank with which the account is opened.

e) taxpayer’s identification number (TIN) of a person authorized to obtain amounts related to the Bond redemption;

f) tax status of a person authorized to obtain amounts related to the Bond redemption (resident, nonresident with a permanent representative office in the Russian Federation, nonresident without a permanent representative office in the Russian Federation, etc.);

Bond holders, their authorized persons, including depositors of NDC shall independently monitor the completeness and actuality of references of the banking account submitted by them to NDC. In the event of the failure of aforesaid persons to provide NDC with the said references, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be made based on information of NDC. In this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full.

If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to accrue the interest or other compensation for such delay in the payment.

Before or on the 2nd (second) business day before the date of the repayment of the Bonds, the Issuer shall transfer the required funds to the Payment Agent's account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the payment of the redemption amount, as provided by the Depositary, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain redemption amounts on the Bonds.

On the date of the redemption of the Bonds, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond redemption amounts in favor of holders of the Bonds.

If a person is authorized to obtain redemption amounts under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders.

The fulfillment of the obligations related to the Bonds to a person included into the List of holders and/or nominal holders of the Bonds for the payment of the redemption amount is considered to be proper, including in the event of the transfer of the Bonds after the date of the preparation of the aforesaid List.

The obligations of the Issuer related to the payment of redemption amounts on the Bonds shall be deemed to be fulfilled after the Issuer's account or the Payment Agent's account is properly debited to pay the redemption amounts in favor of holders of the Bonds.

Maturity date of the issued Bonds:

Date of commencement:

1820th (one thousand eight hundred and twentieth) day after the date of commencement of the issued Bonds allocation.

Date of the completion:

Dates of the commencement and completion of the redemption period coincide.

Coupon (interest) period		Coupon (interest) yield rate
Commencement date	Completion date	

1. Coupon: 1

Date of the commencement of the Bonds allocation	182 nd day after the date of the commencement of the issued Bonds allocation.	The interest rate for the first coupon shall be determined by holding a tender (subject to applications received) through FB of MICEX among potential buyers of the Bonds on the date of the commencement of the Bonds allocation. The manner and conditions of the tender holding are specified in item 8.3 of the Resolution on the issue and item 2.7 of the Prospectus.
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2. Coupon: 2

182 nd day after the date of the commencement of the issued Bonds allocation.	364 th day after the date of the commencement of the issued Bonds allocation.	The second coupon rate is fixed to be equal to the first coupon rate.
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3. Coupon: 3

364 th day after the date of the commencement of the issued Bonds allocation.	546 th day after the date of the commencement of the issued Bonds allocation.	The third coupon rate is fixed to be equal to the first coupon rate.
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4. Coupon: 4

546 th day after the date of the commencement of the issued Bonds allocation.	728 th day after the date of the commencement of the issued Bonds allocation.	The fourth coupon rate is fixed to be equal to the first coupon rate.
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5. Coupon: 5

728 th day after the date of the commencement of the issued Bonds allocation.	910 th day after the date of the commencement of the issued Bonds allocation.	The fifth coupon rate is fixed to be equal to the first coupon rate.
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6. Coupon: 6

910 th day after the date of the commencement of the issued Bonds allocation.	1092 nd day after the date of the commencement of the issued Bonds allocation.	The sixth coupon rate is fixed to be equal to the first coupon rate.
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7. Coupon: 7

1092 nd day after the date of the commencement of the issued Bonds allocation.	1274 th day after the date of the commencement of the issued Bonds allocation.	The seventh coupon rate is fixed to be equal to the first coupon rate.
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8. Coupon: 8

1274 th day after the date of the commencement of the issued Bonds allocation.	1456 th day after the date of the commencement of the issued Bonds allocation.	The eighth coupon rate is fixed to be equal to the first coupon rate.
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9. Coupon: 9

1456 th day after the date of the commencement of the issued Bonds allocation.	1638 th day after the date of the commencement of the issued Bonds allocation.	The ninth coupon rate is fixed to be equal to the first coupon rate.
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10. Coupon: 10

1638 th day after the date of the commencement of the issued Bonds allocation.	1820 th day after the date of the commencement of the issued Bonds allocation.	The tenth coupon rate is fixed to be equal to the first coupon rate.
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The amount of payments per Bond shall be calculated for each coupon under the following formula:

$$K_j = C_j * Nom * ((T_j - T_{j-1}) / 365) / 100 \%, \text{ where}$$

j – number of the coupon period, $j=1-10$;

K_j – amount of the coupon payment per Bond, Rb;

Nom – nominal value of one Bond, Rb;

C_j – interest rate for coupon j , Rb;

T_{j-1} – date of the commencement of the coupon period for coupon j ;

T_j – date of the end of the coupon period of coupon j .

The amount of the payment per Bond shall be determined to within one kopeck (the round-up is made according to the mathematical round-up rules. Further, the mathematical round-up rule shall mean a round-up method according to each a value of an integer kopeck (integer kopecks) does not change if the first digit after the rounded one varies from 0 to 4, and increases by one if the first digit after the rounded one varies from 5 to 9).

The manner and conditions of the payment of the bond yield, including the manner and term of the yield payment for each coupon.

Coupon (interest) period		Term (date) of the payment of the coupon (interest) yield	Date of the preparation of the list of bond holders for the payment of the coupon (interest) yield
Date of the commencement	Date of the completion		

1. Coupon: 1

Date of the commencement of the Bonds allocation	182 nd day after the date of the commencement of the issued Bonds allocation.	182 nd day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon
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yield payment.

Manner of the coupon (interest) yield payment:

If the date of the coupon yield payment falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

The coupon yield payment shall be made in rubles of the Russian Federation in a cashless form.

The payment of the coupon yield shall be made as follows:

The payment shall be made in the currency of the Russian Federation in a cashless form in favor of Bond holders being as such as of the end of the operating day of NDC preceding to the 3rd (third) business day before the date of the payment of the yield on the issued Bonds (“Date of the preparation of the list of holders and/or nominal holders of the Bonds for the payment of the coupon yield”).

It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond coupon yield. Depositors of NDC being nominal holders and not authorized by their clients to obtain funds upon the payment of the Bond coupon yield due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (second) business day before the date of the payment of the Bond coupon yield, the list of holders and/or nominal holders of the Bonds for the payment of the coupon yield.

A Bond holder not being a depositor of NDC may authorize a nominal holder of the bonds being a depositor of NDC to obtain Bond yield amounts.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds coupon yield, the nominal holder shall be presumed to be a person authorized to obtain coupon yield amounts on the Bonds.

If the rights of the Bond holder are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds coupon yield, the Bond holder shall be presumed to be a person authorized to obtain the Bond coupon yield.

On the grounds of the information available or provided by depositors, NDC shall provide the List of holders and/or nominal holders of the Bonds for the payment of the coupon yield to the Issuer and the Payment Agent before or on the 2nd (second) business day before the date of the Bond redemption. The list of holders and/or nominal holders of the Bonds for the payment of the coupon yield shall include the following information:

a) full name (surname, name, patronymic for an individual) of the person authorized to obtain Bond yield amounts;

b) number of the Bonds recorded at the deposit account of a person authorized to obtain Bond yield amounts;

c) location and postal address of a person authorized to obtain Bond yield amounts;

d) references of the banking account of a person authorized to obtain Bond yield amounts, namely:

- number of the account with the bank;

- name of the bank (with the specified city of the bank) with which the account is opened;
- correspondent account of the bank with which the account is opened;
- banking identification code of the bank with which the account is opened.

e) taxpayer's identification number (TIN) of a person authorized to obtain Bond yield amounts;

f) tax status of a person authorized to obtain Bond yield amounts (resident, nonresident with a permanent representative office in the Russian Federation, nonresident without a permanent representative office in the Russian Federation, etc.);

Bond holders, their authorized persons, including depositors of NDC shall independently monitor the completeness and actuality of references of the banking account submitted by them to NDC. In the event of the failure of aforesaid persons to provide NDC with the said references, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be made based on information of NDC. In this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full.

If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to accrue the interest or other compensation for such delay in the payment.

Before or on the 2nd (second) business day before the date of the Bond yield repayment, the Issuer shall transfer the required funds to the Payment Agent's account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the payment of the coupon yield, as provided by the Depositary, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain coupon yields on the Bonds.

On the date of the redemption of the Bonds, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond redemption amounts in favor of holders of the Bonds.

If a person is authorized to obtain coupon yields under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders.

The fulfillment of the obligations related to the Bonds in favor of a person included into the List of holders and/or nominal holders of the Bonds for the payment of the coupon yield is considered to be proper, including in the event of the transfer of the Bonds after the date of the preparation of the aforesaid List.

No coupon yield shall be accrued or paid on non-allocated Bonds.

The obligations of the Issuer related to the payment of coupon yields on the Bonds shall be deemed to be fulfilled after the Issuer's account or the Payment Agent's account is properly

debited to pay the coupon yields in favor of holders of the Bonds.

2. Coupon: 2

182 nd day after the date of the commencement of the issued Bonds allocation.	364 th day after the date of the commencement of the issued Bonds allocation.	364 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the second coupon yield is similar to the manner of the payment of the first coupon yield.

3. Coupon: 3

364 th day after the date of the commencement of the issued Bonds allocation.	546 th day after the date of the commencement of the issued Bonds allocation.	546 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the third coupon yield is similar to the manner of the payment of the first coupon yield.

4. Coupon: 4

546 th day after the date of the commencement of the issued Bonds allocation.	728 th day after the date of the commencement of the issued Bonds allocation.	728 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the fourth coupon yield is similar to the manner of the payment of the first coupon yield.

5. Coupon: 5

728 th day after the date of the commencement of the issued Bonds allocation.	910 th day after the date of the commencement of the issued Bonds allocation.	910 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the fifth coupon yield is similar to the manner of the payment of the first coupon yield.

6. Coupon: 6

910 th day after the date of the commencement of the issued Bonds allocation.	1092 nd day after the date of the commencement of the issued Bonds allocation.	1092 nd day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the sixth coupon yield is similar to the manner of the payment of the first coupon yield.

7. Coupon: 7

1092 nd day after the date of the commencement of the issued Bonds allocation.	1274 th day after the date of the commencement of the issued Bonds allocation.	1274 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
Coupon (interest) yield payment procedure: The manner of the payment of the seventh coupon yield is similar to the manner of the payment of the first coupon yield.			

8. Coupon: 8

1274 th day after the date of the commencement of the issued Bonds allocation.	1456 th day after the date of the commencement of the issued Bonds allocation.	1456 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
Coupon (interest) yield payment procedure: The manner of the payment of the eighth coupon yield is similar to the manner of the payment of the first coupon yield.			

9. Coupon: 9

1456 th day after the date of the commencement of the issued Bonds allocation.	1638 th day after the date of the commencement of the issued Bonds allocation.	1638 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
Coupon (interest) yield payment procedure: The manner of the payment of the ninth coupon yield is similar to the manner of the payment of the first coupon yield.			

10. Coupon: 10

1638 th day after the date of the commencement of the issued Bonds allocation.	1820 th day after the date of the commencement of the issued Bonds allocation.	1820 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
Coupon (interest) yield payment procedure: The manner of the payment of the tenth coupon yield is similar to the manner of the payment of the first coupon yield.			

No anticipated redemption is allowed.

The amount of payments per Bond shall be calculated for each coupon under the following formula:

$$K_j = C_j * Nom * ((T_j - T_{j-1}) / 365) / 100 \%, \text{ where}$$

j – number of the coupon period, $j=1-10$;

K_j – amount of the coupon payment per Bond, Rb;

Nom – nominal value of one Bond, Rb;

C_j – interest rate for coupon j , Rb;

T_{j-1} – date of the commencement of the coupon period for coupon j ;

T_j – date of the end of the coupon period of coupon j.

The amount of coupon payments per Bond shall be determined to within one kopeck (the round-up is made according to the mathematical round-up rules. Further, the mathematical round-up rule shall mean a round-up method according to each a value of an integer kopeck (integer kopecks) does not change if the first digit after the rounded one varies from 0 to 4, and increases by one if the first digit after the rounded one varies from 5 to 9).

The coupon yield on each of the coupons shall be made on the date of the end of the relevant coupon period.

If the date of the coupon yield payment falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

The coupon yield payment shall be made in rubles of the Russian Federation in a cashless form.

3. Kind, series (type), form and other identification signs of securities: ***documentary interest non-convertible bearer bonds series 03 with the mandatory centralized custody.***

State registration number – 4-03-65018-D

date of the State registration of the securities issue: 24.11.05.

date of the State registration of the report on the results of the securities issue: 24.01.06.

name of the registration body (bodies) in charge of the State registration of the issue of securities and the State registration of the report of the results of the securities issue: FSFR of Russia.

number of securities of the issue: 7,000,000 (Seven million) securities;

nominal value of each security of the issue: Rb 1,000 (One thousand).

volume of the issue at par value: Rb 7,000,000,000.

Rights reserved for each security of the issue:

Bonds shall be direct unconditional obligations of “Federal Network Company of the United Energy System” Open Joint-Stock Company (“Issuer”).

A Bond holder shall be authorized to obtain the amounts resulted from the redemption of the nominal value within the term, as provided by the Resolution on the issue (“Resolution on the issue”) and the Securities Prospectus (“Prospectus”).

A Bond holder shall be authorized to obtain the interest fixed therein equal to a percentage of the nominal value of the Bond (coupon yield) the manner of determination of which is specified in item 9.3 of the Resolution on the issue and in item 9.1.2. of the Prospectus.

The actions of holders and/or nominal holders of the Bonds in the event of the refusal of the Issuer to fulfill its obligations related the Bonds of this issue, their non-performance or improper performance are specified in item 9.7 of the Resolution on the issue and in item 9.1.2. e) of the Prospectus.

The issuer undertakes to repay to Bond holders funds invested therein in the event the issue of the Bonds is recognized failed or invalid under the law.

A Bond holder shall be authorized to exercise other rights, as provided by the law of the Russian Federation.

A Bond holder shall be authorized to require the early redemption of the Bonds and the payment of the accumulated coupon yield calculated as of the date of the fulfillment of the obligations on the early redemption of the Bonds in the following cases:

- 1) failure of the Issuer to fulfill obligations to pay the coupon yield on the Bonds of this issue after the expiration of 7 (Seven) business days after the date of the payment of the relevant coupon yield, as fixed in accordance with the resolution on the issue and the securities prospectus.***
- 2) failure of the Issuer to fulfill obligations to pay the coupon yield after the expiration of 7 (Seven) business days and/or redemption of the bonds of the Issuer after the expiration of 30 (Thirty) business days, series 01 number of the State registration 4-01-65018-D and series 02 number of the State registration 4-02-65018-D.***

Apart from the listed rights, a Bond holder shall be authorized to exercise other property rights, as provided by the effective legislation of the Russian Federation.

Manner and conditions of the securities allocation:

way of the securities allocation – ***public offering***

Manner of the securities allocation:

Manner and conditions of civil law agreements (manner and conditions of the submission and satisfaction of applications) during the securities allocation:

Transactions related to the allocation of the Bonds within the term of the allocation shall be concluded by “Stock Exchange “MICEX” Closed Joint-Stock Company (“Exchange”) being a Trade Organizer in accordance with the Exchange in-house documents by satisfying applications for purchase/sale of the Bonds sold using the trading system of the Exchange.

The allocation of the Bonds shall be made by an organization rendering to the Issuer services related to the allocation of the Bonds, acting upon the request and the expense of the Issuer, hereinafter referred to as the “Underwriter” or “Allocation Intermediary”.

On the date of the allocation of the Bonds through the Trade Organizer, a tender is held to determine the interest rate of the coupon yield for the first coupon period among potential buyers of the Bonds.

The participants of the Tender held on the date of the Bonds allocation may be traders of the Exchange (“Traders”). The Traders may take part in the Tender on their own behalf and at their own expense and/or on their own behalf and at the expense of potential buyers. If a potential buyer of the Bonds is not a Trader it shall conclude an agreement with any broker being a Trader and authorize it to buy the Bonds. A potential buyer of the Bonds being a Trader shall act independently. A potential buyer of the Bonds shall open a deposit account with NDC or with the Depository being a depositor of NDC.

Within the framework of the tender the traders shall send applications to buy the Bonds with the clearing code T0 using the trading system of the Trade Organizer in accordance with the Trade Regulations for securities and/or other internal documents of the Trade Or-

ganizer either at its own expense or at the expense of clients. The time and manner of the submission of applications to attend the tender to determine the interest rate for the first coupon shall be fixed by the Trade Organizer with the consent of the Issuer and the Underwriter.

The applications to buy the Bonds shall be sent by the Traders to the Underwriter.

The application for the purchase shall contain the following information:

- *purchasing price (100% of the nominal value);*
- *number of the Bonds;*
- *value of the interest rate for the first coupon;*
- *other parameters in accordance with the Trading Regulations for securities and/or other documents of the Trade Organizer.*

The Price of the Bonds allocation, as fixed by the Resolution on the issue and the Prospectus shall be specified as the purchasing price.

The number of the Bonds which a potential buyer would like to buy shall be specified as the number of the Bonds if the authorized governing body of the Issuer fixes an interest rate for the first coupon which is greater or equal to the interest rate for the first coupon specified in the application.

The value of the interest rate for the first coupon shall be specified as the value of the interest rate for the first coupon upon the declaration of which by the Issuer a potential investor should be ready to buy the number of Bonds specified in the application. The value of the interest rate shall be specified as percentage per annum to within one hundredth of a percent.

Further, funds shall be reserved with the Clearing House of the MICEX at the account of the trader of the Exchange in the amount sufficient for the payment of the Bonds specified in application for the purchase of the Bonds, subject to all the required fees.

Applications not meeting the aforesaid requirements shall not be admitted for the participation to the tender to determine the interest rate for the first coupon.

After the deadline for the application acceptance, the Traders cannot change or revoke the applications made.

After the deadline for the application acceptance, the Trade Organizer shall prepare the “Consolidated Register of Applications” and pass it to the Underwriter (“Consolidated Register”).

The consolidated register for the purchase of securities shall contain the conditions of each application, i.e. the purchasing price, the number of securities, the coupon rate, date and time of the application receipt, as well as the name of the Trader submitting the application, client code assigned by the Trade Organizer if the application was made upon the request of the client.

Based on the overall volume of applications submitted and the interest rate of the first coupon specified therein, the Issuer shall take a decision on the value of the interest rate for the first coupon. The information about the interest rate for the first coupon shall be disclosed within the terms and in the manner, as provided by item 11 of the Resolution on the issue and item 2.9 of the Securities Prospectus.

After the determination by the Issuer of the interest rate of the first coupon on the first day of the Bonds allocation, the Underwriter shall, upon the request of the Issuer, satisfy the applications

for the purchase of the Bonds under conditions and in the manner specified in the Resolution on the issue of securities and in the Securities Prospectus.

The applications of the Traders to buy the Bonds at the tender for determining the interest rate of the first coupon shall be satisfied by the Underwriter under the conditions of the coupon interest rate priority, as specified in such applications (i.e. applications with a lower coupon rate shall be satisfied first).

In the event there are applications with the same interest rate for the first coupon, the priority in satisfaction will be given to the applications submitted earlier than others.

In the event the volume of the last of the satisfied applications exceeds the number of the Bonds remained unplaced, such application for the purchase shall be satisfied to the extent of the unplaced balance of the Bonds. In this case, the application of the Trader shall be satisfied, provided the interest rate for the first coupon specified therein is not higher than the interest rate fixed at the tender for the determination of the interest rate. The non-satisfied applications of the Traders shall be revoked by the Underwriter.

The Bonds sold during the tender shall be transferred from the issue deposit account of the Issuer to relevant deposit accounts of Bond holders as of the date of the tender.

After the determination of the rate of the first coupon and satisfaction of applications made during the tender, the Traders acting both at their own expense and at the expense and upon the request of potential buyers may, within the term of the allocation, make address applications to buy the Bonds at the allocation price to the Underwriter in the event of the partial allocation of the Bonds during the tender.

The applications submitted for the purchase of the Bonds shall be satisfied by the Underwriter in full if the number of the Bonds in the application for the purchase of the Bonds does not exceed the number of unplaced Bonds of the issue (to the extent of the total number of the Bonds offered for the allocation). If the volume of the application to buy the Bonds exceeds the number of the Bonds remained unplaced, this application for the purchase of the Bonds shall be satisfied to the extent of the unplaced balance. In this case, the satisfaction by the Underwriter of the applications to buy the Bonds shall be made according to the time of their submission.

In the event the Underwriter places the whole volume of Bonds offered for the placement, no additional applications for the acquisition of the Bonds shall be accepted.

The Issuer shall not conclude transactions of Bonds purchase & sale not approved by the Issuer in the manner provided by the law in the conclusion of which there is any interest and transactions with persons listed in item 6.5.1 of Order “On Approval of Securities Issue Standards and Registration of Securities Prospectuses” № 05-4/pz-n dated 16 March 2005. In this case, the submitted application shall be revoked

Transactions of purchase & sale concluded by the accept of the applications by the Underwriter shall be registered by the Exchange on the date of their conclusion.

Any change and/or termination of agreements concluded upon the allocation of the Bonds shall be made on the grounds and in the manner, as provided by article 29 of the Civil Code of the Russian Federation.

A mandatory condition of the acquisition of the Bonds upon their allocation shall be preliminary reservation of buyer's funds sufficient for the purchase at the account of the Trader on behalf of

which the approval for the Bonds purchase was made with NKO “Clearing House of the Moscow Inter-bank Currency Exchange” CJSC.

Full corporate name: *Non-banking credit organization “Clearing House of the Moscow Inter-bank Currency Exchange” Closed Joint-Stock Company.*

Abbreviated name: *CH of the MICEX CJSC.*

Location: *1/13, Sredniy Kislovskiy Lane, building 8m 125009 Moscow.*

Postal address: *1/13, Sredniy Kislovskiy Lane, building 8m 125009 Moscow.*

The Underwriter shall be authorized to acquire the Bonds not placed before 11:00 (Moscow time) during the Tender held on the date of the commencement of the Bonds allocation, on its own behalf and at its own expense, provided that the allocated share of the Bonds is at least 5 (Five) percent of the issue.

The acquisition of the Issuer’s Bonds during their allocation cannot be made at the expense of the Issuer.

Funds shall be preliminary reserved by the Trader in the amount sufficient for the complete payment of such number of the Bonds which is specified in applications for the purchase of the Bonds subject to all the required fees (starting from the second day of the allocation additionally subject to that accumulated NKD).

To make a purchase & sale transaction of the Bonds upon the allocation, a potential buyer shall, in advance (before the date of the commencement of the Bonds allocation), open a relevant deposit account with the Depository ensuring the centralized custody of the issued Bonds or with another depository being a depositor of the Depository. The manner and terms of the deposit account opening shall be determined by provisions of regulations of the relevant Depositories.

Any change and/or termination of agreements concluded upon the allocation of the Bonds shall be made on the grounds and in the manner, as provided by article 29 of the Civil Code of the Russian Federation.

Procedure for making an entry to the deposit account of the first acquirer with the Depository (NDC):

The Depository shall only make entries to the deposit account of a client (depositor) upon the submission of documents constituting grounds for making such entries under Provisions on the Depository Activity in the Russian Federation, as approved by the Federal Securities Commission on 16 October 1997 № 36, or other legal regulations and the depository agreement.

A potential buyer of the Bonds shall open a relevant deposit account with NDC or with another depository being a depositor of NDC.

Bonds sold upon the allocation shall be transferred by NDC to deposit accounts of buyers of the Bonds on the date of the conclusion of a purchase & sale transaction in accordance with the terms and conditions of depository operations of depositories.

An entry of the receipt at the deposit account of the first buyer with NDC shall be made on the grounds of orders and (or) other documents of the clearing organization, i.e. “MICEX” CJSC, servicing settlements on transactions made during the allocation of the Bonds by the Trade Organizer sold in accordance with requirements fixed by documents of NDC and clearing rules of “MICEX” CJSC.

The Trading Arrange shall be as follows:

**“Stock Exchange “MICEX” Closed Joint-Stock Company
SE MICEX CJSC**

location: 13, Bolshoy Kislovskiy Lane, Moscow

and postal address: 125009,

Information about licenses:

License of the stock exchange number 077-07985-000001 dated 15.09.2004, valid during 3 years till 15.09.2007;

Licensing body: FSFR of Russia

Depository ensuring the centralized custody of securities of the issue:

Full name: **Non-commercial Partnership “National Depository Center”;**

Abbreviated name: **NDC**

Location: **1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow,**

License of the professional stock market participant to carry out the depository activity: № 177-03431-000100

Issue date: **04.12.2000,**

Validity term: **perpetual license**

Licensing body: **Federal Securities Commission.**

Manner and condition of the issued bonds redemption:

The issued Bonds shall be redeemed in specie denominated in the currency of the Russian Federation in a cashless form. Bond holders cannot select a form of the Bond redemption.

The redemption of the Bonds is made by the payment agent upon the request and at the expense of the Issuer (“Payment Agent”).

If the Bond redemption falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

The Bond redemption shall be made at par value.

The payment of the nominal value of the Bonds upon their redemption shall be made in rubles of the Russian Federation in a cashless form.

The nominal value of the Bonds shall be made as follows:

The payment shall be made in the currency of the Russian Federation in a cashless form in favor of Bond holders being as such as of the end of the operating day of NDC preceding to the 3rd (Third) business day before the date of the redemption of the Bonds (“Date of the preparation of the list of holders and/or nominal holders of the Bonds for the redemption amount”).

It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond redemption. Depositors of NDC being nominal holders and not authorized by their clients to obtain funds upon the payment of the Bond redemption amount due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (Second) business day before the date of the Bond redemption, the list of holders and/or nominal holders of the Bonds for the payment of the redemption amount.

A Bond holder not being a depositor of NDC may authorize a nominal holder of the bonds being a depositor of NDC to obtain amounts related to the Bond redemption.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds redemption amount, the nominal holder shall be presumed to be a person authorized to obtain amounts of the Bonds redemption.

If the rights of the Bond holder are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds redemption, the Bond holder shall be presumed to be a person authorized to obtain the Bond redemption.

On the grounds of the information available or provided by depositors, NDC shall provide the List of holders and/or nominal holders of the Bonds for the redemption amount to the Issuer and the Payment Agent before or on the 2nd (Second) business day before the date of the Bond redemption. The list of holders and/or nominal holders of the Bonds for the redemption amount shall include the following information:

a) full name (surname, name, patronymic for an individual) of the person authorized to obtain amounts related to the Bond redemption;

b) number of the Bonds recorded at the deposit account of a person authorized to obtain amounts related to the Bonds redemption;

c) location and postal address of a person authorized to obtain amounts related to the Bonds redemption;

d) name and references of the banking account of a person authorized to obtain amounts related to the Bonds redemption, namely:

- number of the account with the bank;

- name of the bank (with the specified city of the bank) with which the account is opened;

- correspondent account of the bank with which the account is opened;

- banking identification code of the bank with which the account is opened.

e) taxpayer's identification number (TIN) of a person authorized to obtain amounts related to the Bond redemption;

f) tax status of a person authorized to obtain amounts related to the Bond redemption (resident, nonresident with a permanent representative office in the Russian Federation, nonresident without a permanent representative office in the Russian Federation, etc.);

g) code of the reason of the registration (KPP) of a person authorized to obtain amounts of the revenue and/or redemption of the Bonds.

Bond holders (holder), their authorized persons, including depositors of NDC shall independently monitor the completeness and actuality of references of the banking account and information about persons authorized to obtain the redemption amounts on the Bonds. In the event of the failure of aforesaid persons to provide NDC with the said references, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be made based on information

of NDC. In this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full.

If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to accrue the interest or other compensation for such delay in the payment.

Before or on the 2nd (Second) business day before the date of the repayment of the Bonds, the Issuer shall transfer the required funds to the Payment Agent's account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the redemption, as provided by the Depository, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain redemption amounts on the Bonds.

On the date of the redemption of the Bonds, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond redemption amounts in favor of holders of the Bonds.

If a person is authorized to obtain redemption amounts under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders.

The fulfillment of the obligations related to the Bonds to a person included into the List of holders and/or nominal holders of the Bonds for the redemption is considered to be proper, including in the event of the transfer of the Bonds after the date of the preparation of the aforesaid List.

Maturity date of the issued Bonds:

Date of commencement:

1092nd (One thousand eight hundred and twentieth) day after the date of commencement of the issued Bonds allocation.

Date of the completion:

Dates of the commencement and completion of the redemption period coincide.

Procedure for the determination of the revenue paid on each bond.

Coupon (interest) period		Coupon (interest) yield rate
Commencement date	Completion date	

1. Coupon: 1

Date of the commencement of the Bonds allocation	182 nd day after the date of the commencement of the issued Bonds allocation.	The interest rate for the first coupon shall be determined by holding a tender (subject to applications received) through FB of MICEX among potential buyers of the Bonds on the date of the commencement of the Bonds allocation. The manner and conditions of the tender holding are specified in item 8.3 of the Resolution on the issue and item 2.7 of the Prospectus.
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2. Coupon: 2

182 nd day after the date of the commencement of the issued Bonds allocation.	364 th day after the date of the commencement of the issued Bonds allocation.	The second coupon rate is fixed to be equal to the first coupon rate.
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3. Coupon: 3

364 th day after the date of	546 th day after the date	The third coupon rate is fixed to be equal to the first
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the commencement of the issued Bonds allocation.	of the commencement of the issued Bonds allocation.	coupon rate.
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4. Coupon: 4

546 th day after the date of the commencement of the issued Bonds allocation.	728 th day after the date of the commencement of the issued Bonds allocation.	The fourth coupon rate is fixed to be equal to the first coupon rate.
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5. Coupon: 5

728 th day after the date of the commencement of the issued Bonds allocation.	910 th day after the date of the commencement of the issued Bonds allocation.	The fifth coupon rate is fixed to be equal to the first coupon rate.
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6. Coupon: 6

910 th day after the date of the commencement of the issued Bonds allocation.	1092 nd day after the date of the commencement of the issued Bonds allocation.	The sixth coupon rate is fixed to be equal to the first coupon rate.
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The amount of payments per Bond shall be calculated for each coupon under the following formula:

$$K_j = C_j * \text{Nom} * ((T(j) - T(j-1)) / (365 * 100 \%)), \text{ where}$$

j – number of the coupon period, $j=1-6$;

K_j – amount of the coupon payment per Bond (Rb);

Nom – nominal value of one Bond (Rb);

C_j – interest rate for coupon j , interest per annum;

$T(j-1)$ – date of the commencement of coupon period j ;

$T(j)$ – date of the end of coupon period j .

The amount of the payment per Bond shall be determined to within one kopeck (the round-up is made according to the mathematical round-up rules. Further, the mathematical round-up rule shall mean a round-up method according to each a value of an integer kopeck (integer kopecks) does not change if the first digit after the rounded one varies from 0 to 4, and increases by one if the first digit after the rounded one varies from 5 to 9).

The manner and term of the payment of the bond yield, including the manner and term of the payment for each coupon.

Coupon (interest) period		Term (date) of the payment of the coupon (interest) yield	Date of the preparation of the list of bond holders for the payment of the coupon (interest) yield
Date of the commencement	Date of the completion		

1. Coupon: 1

Date of the commencement of the Bonds allocation	182 nd day after the date of the commencement of the issued Bonds allocation.	182 nd day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (third) business day before the date of the coupon yield payment.
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Manner of the coupon (interest) yield payment:

If the date of the coupon yield payment falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

The coupon yield payment shall be made in rubles of the Russian Federation in a cashless form.

The payment of the coupon yield shall be made as follows:

The payment shall be made in the currency of the Russian Federation in a cashless form in favor of Bond holders being as such as of the end of the operating day of NDC preceding to the 3rd (Third) business day before the date of the payment of the yield on the issued Bonds (“Date of the preparation of the List of holders and/or nominal holders of the Bonds for the payment of the coupon yield”).

It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond coupon yield. Depositors of NDC being nominal holders and not authorized by their clients to obtain funds upon the payment of the Bond coupon yield due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (Second) business day before the date of the payment of the Bond coupon yield, the list of holders and/or nominal holders of the Bonds for the payment of the coupon yield.

A Bond holder not being a depositor of NDC may authorize a nominal holder of the bonds being a depositor of NDC to obtain Bond yield amounts.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds coupon yield, the nominal holder shall be presumed to be a person authorized to obtain coupon yield amounts on the Bonds.

If the rights of the Bond holder are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds coupon yield, the Bond holder shall be presumed to be a person authorized to obtain the Bond coupon yield.

On the grounds of the information available or provided by depositors, NDC shall provide the List of holders and/or nominal holders of the Bonds for the payment of the coupon yield to the Issuer and the Payment Agent before or on the 2nd (Second) business day before the date of the Bond redemption. The list of holders and/or nominal holders of the Bonds for the payment of the coupon yield shall include the following information:

- a) full name (surname, name, patronymic for an individual) of the person authorized to obtain Bond yield amounts;
- b) number of the Bonds recorded at the deposit account of a person authorized to obtain Bond yield amounts;
- c) location and postal address of a person authorized to obtain Bond yield amounts;
- d) references of the banking account of a person authorized to obtain Bond yield amounts, namely:
 - number of the account with the bank;
 - name of the bank (with the specified city of the bank) with which the account is opened;
 - correspondent account of the bank with which the account is opened;
 - banking identification code of the bank with which the account is opened.
- e) taxpayer’s identification number (TIN) of a person authorized to obtain Bond yield amounts;
- f) tax status of a person authorized to obtain Bond yield amounts (resident, nonresident with a permanent representative office in the Russian Federation, nonresident without a permanent representative office in the Russian Federation, etc.);
- g) code of the reason of the registration (KPP) of a person authorized to obtain amounts of the revenue and/or redemption of the Bonds.

Bond holders (holder), their authorized persons, including depositors of NDC shall independently monitor the completeness and actuality of references of the banking account and information about persons authorized to obtain redemption amounts on the Bonds. In the event of the failure of aforesaid persons to provide NDC with the said references, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be made based on information of NDC. In

this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full.

If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to accrue the interest or other compensation for such delay in the payment.

Before or on the 2nd (Second) business day before the date of the Bond yield repayment, the Issuer shall transfer the required funds to the Payment Agent's account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the payment of the coupon yield, as provided by the Depository, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain coupon yields on the Bonds.

On the date of the redemption of the Bonds, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond redemption amounts in favor of holders of the Bonds.

If a person is authorized to obtain coupon yields under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders.

The fulfillment of the obligations related to the Bonds in favor of a person included into the List of holders and/or nominal holders of the Bonds for the payment of the coupon yield is considered to be proper, including in the event of the transfer of the Bonds after the date of the preparation of the aforesaid List.

No coupon yield shall be accrued or paid on non-allocated Bonds.

2. Coupon: 2

182 nd day after the date of the commencement of the issued Bonds allocation.	364 th day after the date of the commencement of the issued Bonds allocation.	364 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (Third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the second coupon yield is similar to the manner of the payment of the first coupon yield.

3. Coupon: 3

364 th day after the date of the commencement of the issued Bonds allocation.	546 th day after the date of the commencement of the issued Bonds allocation.	546 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (Third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the third coupon yield is similar to the manner of the payment of the first coupon yield.

4. Coupon: 4

546 th day after the date of the commencement of the issued Bonds allocation.	728 th day after the date of the commencement of the issued Bonds allocation.	728 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (Third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the fourth coupon yield is similar to the manner of the payment of the first coupon yield.

5. Coupon: 5

728 th day after the date of the commencement of the issued Bonds allocation.	910 th day after the date of the commencement of the issued Bonds allocation.	910 th day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (Third) business day before the date of the coupon yield payment.
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Coupon (interest) yield payment procedure:

The manner of the payment of the fifth coupon yield is similar to the manner of the payment of the first coupon yield.

6. Coupon: 6

910 th day after the date of the commencement of the issued Bonds allocation.	1092 nd day after the date of the commencement of the issued Bonds allocation.	1092 nd day after the date of the commencement of the issued Bonds allocation.	Close of the business day of NDC previous to the 3 rd (Third) business day before the date of the coupon yield payment.
<p>Coupon (interest) yield payment procedure: The manner of the payment of the sixth coupon yield is similar to the manner of the payment of the first coupon yield. For the purpose of the yield on the six coupon, they shall use the List of holders and/or nominal holders of the Bonds, as prepared for the purposes of the Bonds redemption. The revenue yield on the six coupon shall be paid together with the Bonds redemption.</p>			

4. Kind, series (type), form and other identification signs of securities: ***documentary interest non-convertible bearer bonds series 04 with the mandatory centralized custody.***

State registration number, date of the State registration of the securities issue: ***4-04-65018D dated 07.09.2006;***

date of the State registration of the report on the results of the securities issue: ***08.11.2006.***

name of the registration body (bodies) in charge of the State registration of the issue of securities and the State registration of the report of the results of the securities issue: ***FSFR of Russia.***

number of securities of the issue: ***6,000,000 (Six million) securities;***

nominal value of each security of the issue: ***Rb 1,000 (One thousand) each.***

volume of the issue at par value: ***Rb 6,000,000,000 (Six milliard).***

Rights reserved for each security of the issue: the bonds shall be direct unconditional obligations of “Federal Network Company of the United Energy System” Open Joint-Stock Company (“Issuer”). Each Bond of this issue shall grant to its holder the same scope of rights.

- ***A Bond holder shall be entitled to obtain the amount of the nominal value of the Bond.***
- ***A Bond holder shall be entitled to obtain the interest fixed as a percentage of the nominal value of the Bond (coupon yield) after the end of each Period in accordance with item 9.3 of the Resolution on the issue (“Resolution on the issue”) and in item 9.1.2. of the Securities Prospectus (“Prospectus”).***
- ***A Bond holder shall be entitled to freely sell or otherwise transfer a Bond. A bond holder who bought the Bond upon the initial allocation shall not be authorized to make transactions with the Bond until the State registration of the report on the results of the issue of securities in accordance with the legislation of the Russian Federation.***
- ***A Bond holder shall be entitled to have its invested funds back in the event the issue of the Bonds is recognized to be failed or invalid in accordance with the legislation of the Russian Federation;***
- ***Actions of Bond holders and/or nominal holders in the event of the refusal of the Issuer to fulfill its obligations related to the Bonds of this issue, their non-performance or improper performance are described in item 9.7 of the Resolution on the issue and item 9.1.2 e) of the Prospectus.***
- ***A Bond holder shall be authorized to exercise other rights, as provided by the law of the Russian Federation.***

Full name of the depositary ensuring the centralized custody of securities of the issue: ***Non-commercial Partnership “National Depositary Center”;***

Abbreviated name: ***NDC***

Location: ***1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow,***

Postal address: *1/13, Sredniy Kislovskiy Lane, bld. 4, 125009 Moscow,*
TIN: *7706131216*
Phone: *(495) 956-2790, 956-2791*
Number of the license: № *177-03431-000100 (to carry out the depositary activity)*
Issue date: *04.12.2000,*
Validity term: *perpetual license*
Licensing body: *Federal Securities Commission of Russia.*

Manner and condition of the issued bonds redemption:

Date of the bonds redemption:

the 1820th (one thousand eight hundred and twentieth) day after the date of the commencement of the allocation of the issued Bonds.

Date (date fixing procedure) as of which the list of bond holders is made for their redemption:

The redemption of the Bonds is made in favor of the Bond holders being as such as of the close of the business day of NDC previous to the 3rd (Third) business day before the date of the Bonds redemption (“Date of the preparation of the list of Bond holders and/or nominal holders”).

The redemption of the Bonds in favor of a holder included in the List of holders and/or nominal holders of the Bonds shall be recognized to be proper, including in the event of the transfer of the Bonds after the Date of the preparation of the list of Bond holders and/or nominal holders.

Other conditions and manner of the bond redemption:

The redemption of the bonds is made at par value.

The bonds redemption shall be made by the payment agent upon the request and at the expense of the Issuer (“Payment Agent”).

The bonds redemption shall be made in the currency of the Russian Federation in a cashless form in favor of Bond holders.

It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond redemption amount.

The fulfillment by the Issuer of its obligations related to the Bonds redemption shall be made on the grounds of the list of holders and/or nominal holders, as provided by NDC (“List of holders and/or nominal holders”).

A depositor of NDC not authorized by their clients to obtain funds upon the payment of the Bond redemption amount due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (Second) business day before the date of the Bond redemption, the list of Bond holders which shall contain all the references specified below in the List of holders and/or nominal holders of the Bonds.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds redemption amount, the nominal holder shall be presumed to be a person authorized to obtain amounts of the Bonds redemption.

If the rights of the Bond holders are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds redemption, the Bond holder shall be presumed to be a person authorized to obtain the Bond redemption.

On the grounds of the information available or provided by depositors, NDC shall submit the List of holders and/or nominal holders of the Bonds to the Issuer and/or the Payment Agent before or on the 2nd (Second) business day before the date of the Bond redemption.

The list of holders and/or nominal holders of the Bonds shall include the following information:

a) full name of the person authorized to obtain amounts related to the Bond redemption (surname, name, patronymic of a holder for an individual);

b) number of the Bonds recorded at the deposit account of a person authorized to obtain amounts related to the Bonds redemption;

c) location and postal address of a person authorized to obtain amounts related to the Bonds redemption;

d) name and references of the banking account of a person authorized to obtain amounts related to the Bonds redemption, namely:

- number of the account;

- name of the bank with which the account is opened;

- correspondent account of the bank with which the account is opened;

- banking identification code of the bank with which the account is opened.

e) taxpayer's identification number (TIN) of a person authorized to obtain amounts related to the Bond redemption (if any);

f) tax status of a person authorized to obtain amounts related to the Bond redemption (resident, nonresident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.);

g) code of the reason of the registration (KPP) of a person authorized to obtain amounts of the revenue and/or redemption of the Bonds.

In addition to the aforesaid information, the nominal holder shall provide NDC with, and NDC shall include in the List of holders and/or nominal holders of the Bonds the following information regarding individuals and legal entities being nonresidents of the Russian Federation, being Bond holders, irrespective of whether a nominal holder is authorized to obtain Bond redemption amounts or not:

a) if a Bond holder is a legal entity – nonresident:

- individual identification number (IIN) (if any);

b) if a Bond holder is an individual:

- kind, number, date and the place of the issue of the identity document of the holder, name of the issuing authority;

- day, month, and year of birth of the holder;

- place of the registration and postal address, including postal code, of the holder;

- tax status of the holder;

- number of the holder's State pension registration certificate (if any);

- TIN of the holder (if any).

Bond holders (holder), their authorized persons, including depositors of NDC shall provide NDC with the required information in a timely manner and independently monitor the completeness and actuality of information submitted to NDC. They shall run all the risks connected with the non-submission/delayed submission of the information.

In the event of the failure of aforesaid persons to provide NDC with the said references required for the fulfillment by the Issuer of its Bond obligations, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be made based on information of NDC. In this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full. If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder or available with the Depository, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to require the accrual of the interest or other compensation for such delay in the payment. In cases provided by the agreement with NDC, the Issuer shall be authorized to require the confirmation of such information by data related to the rights recorded with regard to the Bond.

The Bond redemption in favor of a holder included in the List of holders and/or nominal holders of the Bonds shall be recognized to be due, including in the event of the transfer of

the Bonds after the Date of the preparation of the list of holders and/or nominal holders of the Bonds.

Before or on the 2nd (Second) business day before the date of the redemption of the Bonds, the Issuer shall transfer the required funds to the Payment Agent’s account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the redemption, as provided by the NDC, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain redemption amounts on the Bonds.

On the date of the redemption of the Bonds, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond redemption amounts, as provided by the List of holders and/or nominal holders of the Bonds.

If a person is authorized to obtain redemption amounts under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders. Nominal holders of the Bonds not being holders of the Bonds shall transfer funds obtained for the Bonds redemption due to holders of the Bonds in the manner determined between a nominal holder of the Bonds and a holder of the Bonds.

Upon the redemption of the Bonds the coupon yield shall be also paid for the last coupon Period.

If the date of the Bonds redemption falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

Debiting deposit accounts upon the redemption shall be made after the fulfillment by the Issuer of all the obligations to holders of the Bonds upon the payment of revenues and the nominal value of the Bonds.

The redemption of the certificate shall be made after the transfer of all the Bonds from the deposit account of NDC.

The amount of the interest (coupon) yield on bonds, manner and conditions of its payment shall be as follows:

Procedure for the determination of the yield

Coupon (interest) period		Coupon (interest) yield rate
Commencement date	Completion date	

1. Coupon: *The interest rate for the first coupon – C(1) – shall be determined by holding the tender among the potential buyers of the Bonds on the date of the commencement of the Bonds allocation. The manner and conditions of the tender are specified in item 8.3 of the Resolution on the issue of securities and item 2.7 of the Securities Prospectus.*

<i>Date of the commencement of the Period of the first coupon shall be the date of the commencement of the Bonds allocation</i>	<i>Date of the completion of the Period of the first coupon shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the first coupon per Bond shall be calculated under the following formula: $K(1) = C(1) * N * (T(1) - T(0)) / 365 / 100 \%$, where <i>K(1) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(1) – interest rate for the first coupon, interest per annum; T(0) – date of the commencement of the first coupon Period; T(1) - date of the completion of the first coupon Period;</i></i>
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2. Coupon: *The interest rate for the second coupon – C(2) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the second coupon shall be</i>	<i>Date of the completion of the Period of the second coupon shall be</i>	<i>The amount of payments on the second coupon per Bond shall be calculated under the following formula: $K(2) = C(2) * N * (T(2) - T(1)) / 365 / 100 \%$, where</i>
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<i>the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>K(2) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(2) – interest rate for the first second, interest per annum; T(1) – date of the commencement of the second coupon Period; T(2) - date of the completion of the second coupon Period;</i>
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3. Coupon: *The interest rate for the third coupon – C(3) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the third coupon shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the third coupon shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the third coupon per Bond shall be calculated under the following formula: $K(3) = C(3) * N * (T(3) - T(2)) / 365 / 100 \%$, where K(3) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(3) – interest rate for the third coupon, interest per annum; T(2) – date of the commencement of the third coupon Period; T(3) - date of the completion of the first coupon Period;</i>
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4. Coupon: *The interest rate for the fourth coupon – C(4) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the fourth coupon shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the fourth coupon shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the fourth coupon per Bond shall be calculated under the following formula: $K(4) = C(4) * N * (T(4) - T(3)) / 365 / 100 \%$, where K(4) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(4) – interest rate for the fourth coupon, interest per annum; T(3) – date of the commencement of the fourth coupon Period; T(4) - date of the completion of the first coupon Period;</i>
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5. Coupon: *The interest rate for the fifth coupon – C(5) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the fifth coupon shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the fifth coupon shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the fifth coupon per Bond shall be calculated under the following formula: $K(5) = C(5) * N * (T(5) - T(4)) / 365 / 100 \%$, where K(5) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(5) – interest rate for the fifth coupon, interest per annum; T(4) – date of the commencement of the fifth coupon Period; T(5) - date of the completion of the first coupon Period;</i>
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6. Coupon: *The interest rate for the sixth coupon – C(6) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the sixth coupon shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the sixth coupon shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the sixth coupon per Bond shall be calculated under the following formula: $K(6) = C(6) * N * (T(6) - T(5)) / 365 / 100 \%$, where K(6) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(6) – interest rate for the sixth coupon, interest per annum; T(5) – date of the commencement of the sixth coupon</i>
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		<i>Period;</i> <i>T(6) - date of the completion of the first coupon Period;</i>
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7. Coupon: *The interest rate for the seventh coupon – C(7) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the seventh coupon shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the seventh coupon shall be the 1274th (One thousand two hundred and seventy-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the seventh coupon per Bond shall be calculated under the following formula: $K(7) = C(3) * N * (T(7) - T(6)) / 365 / 100 \%$, where $K(7)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(7)$ – interest rate for the seventh coupon, interest per annum; $T(6)$ – date of the commencement of the seventh coupon Period; $T(7)$ – date of the completion of the first coupon Period;</i>
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8. Coupon: *The interest rate for the eighth coupon – C(8) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the eighth coupon shall be the 1274th (One thousand two hundred and seventy-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the eighth coupon shall be the 1456th (One thousand four hundred and fifty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the eighth coupon per Bond shall be calculated under the following formula: $K(8) = C(3) * N * (T(8) - T(7)) / 365 / 100 \%$, where $K(8)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(8)$ – interest rate for the eighth coupon, interest per annum; $T(7)$ – date of the commencement of the eighth coupon Period; $T(8)$ – date of the completion of the first coupon Period;</i>
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9. Coupon: *The interest rate for the ninth coupon – C(9) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the ninth coupon shall be the 1456th (One thousand four hundred and fifty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the ninth coupon shall be the 1638th (One thousand six hundred and thirty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the ninth coupon per Bond shall be calculated under the following formula: $K(9) = C(3) * N * (T(9) - T(8)) / 365 / 100 \%$, where $K(9)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(9)$ – interest rate for the ninth coupon, interest per annum; $T(8)$ – date of the commencement of the ninth coupon Period; $T(9)$ – date of the completion of the first coupon Period;</i>
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10. Coupon: *The interest rate for the tenth coupon – C(10) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the tenth coupon shall be 1638th (One thousand six hundred and thirty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the tenth coupon shall be the 1820th (One thousand eight hundred and twentieth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the tenth coupon per Bond shall be calculated under the following formula: $K(10) = C(10) * N * (T(10) - T(9)) / 365 / 100 \%$, where $K(10)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(10)$ – interest rate for the tenth coupon, interest per annum; $T(9)$ – date of the commencement of the tenth coupon Period; $T(10)$ – date of the completion of the first coupon Pe-</i>
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The amount of the payment on any of the coupons per Bond shall be determined to within one kopeck (the round-up is made according to the mathematical round-up rules. Further, the mathematical round-up rule shall mean a round-up method according to each a value of an integer kopeck (integer kopecks) does not change if the first digit after the rounded one varies from 0 to 4, and increases by one if the first digit after the rounded one varies from 5 to 9).

The manner and terms of the payment of the bond yield, including the manner and term of the yield payment for each coupon.

Coupon (interest) period		Term (date) of the payment of the coupon (interest) yield	Date of the preparation of the list of the bond holders for the payment of the coupon (interest) yield
Date of the commencement	Date of the completion		

1. Coupon: *The interest rate for the first coupon – C(1) – shall be determined by holding the tender among potential buyers of bonds as of the date of the commencement of the Bonds allocation. The manner and conditions of the tender are specified in item 8.3 of the Resolution on the issue and item 2.7 of the Securities Prospectus.*

<i>Date of the commencement of the first coupon Period shall be the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the first coupon Period shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the first coupon shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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Manner of the payment of the coupon (interest) yield:
The coupon yield on the Bonds shall be made by the payment agent upon the request and at the expense of the Issuer.

The bonds yield shall be made in specie in the currency of the Russian Federation in a cashless form in favor of Bond holders. It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond yield amount. The fulfillment by the Issuer of its obligations related to the payment of the Bonds yield shall be made on the grounds of the list of holders and/or nominal holders, as provided by NDC (“List of holders and/or nominal holders”).

A depositor of NDC not authorized by their clients to obtain funds upon the payment of the Bond yield amount due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (Second) business day before the date of the Bond yield payment, the list of Bond holders which shall contain all the references specified below in the List of holders and/or nominal holders of the Bonds.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds yield amount, the nominal holder shall be presumed to be a person authorized to obtain amounts of the Bonds yield.

If the rights of the Bond holders are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds yield, the Bond holder shall be presumed to be a person authorized to obtain the Bond yield.

On the grounds of the information available or provided by depositors, NDC shall submit the List of holders and/or nominal holders of the Bonds to the Issuer and/or the Payment Agent before or on the 2nd (Second) business day before the date of the Bond yield.

The list of holders and/or nominal holders of the Bonds shall include the following information:

a) full name of the person authorized to obtain the Bond yield amounts (surname, name, patronymic of a holder for an individual);

b) number of the Bonds recorded at the deposit account of a person authorized to obtain the Bonds yield amounts;

c) location and postal address of a person authorized to obtain the Bonds yield amounts;

d) name and references of the banking account of a person authorized to obtain the Bonds yield amounts, namely:

- number of the account;

- name of the bank with which the account is opened;
- correspondent account of the bank with which the account is opened;
- banking identification code of the bank with which the account is opened.

e) taxpayer's identification number (TIN) of a person authorized to obtain amounts related to the Bond yield (if any);

f) tax status of a person authorized to obtain amounts related to the Bond yield (resident, nonresident with a permanent representative office in the Russian Federation, nonresident without a permanent representative office in the Russian Federation, etc.);

g) code of the reason of the registration (KPP) of a person authorized to obtain amounts of the revenue and/or yield of the Bonds.

In addition to the aforesaid information, the nominal holder shall provide NDC with, and NDC shall include in the List of holders and/or nominal holders of the Bonds the following information regarding individuals and legal entities being nonresidents of the Russian Federation, being Bond holders, irrespective of whether a nominal holder is authorized to obtain Bond yield amounts or not:

a) if a Bond holder is a legal entity – nonresident:

- individual identification number (IIN) (if any);

b) if a Bond holder is an individual:

- kind, number, date and the place of the issue of the identity document of the holder, name of the issuing authority;

- day, month, and year of birth of the holder;

- place of the registration and postal address, including postal code, of the holder;

- tax status of the holder;

- number of the holder's State pension registration certificate (if any);

- TIN of the holder (if any).

The Bond yield payment shall be made in favor of holders of the Bonds being as such as of the close of the business day of NDC previous to the 3rd (Third) business day before the relevant date of the payment of the coupon yield on the Bonds ("Date of the preparation of the List of holders and/or nominal holders of the Bonds"). The fulfillment of obligations in favor of a holder included in the List of holders and/or nominal holders of the Bonds shall be recognized to be proper, including in the event of the transfer of the Bonds after the Date of the preparation of the list of holders and/or nominal holders of the Bonds.

Bond holders (holder), their authorized persons, including depositors of NDC shall provide NDC with the required information in a timely manner and independently monitor the completeness and actuality of information submitted to NDC. They shall run all the risks connected with the non-submission/delayed submission of the information.

In the event of the failure of aforesaid persons to provide NDC with the said references required for the fulfillment by the Issuer of its Bond obligations, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be made based on information of NDC. In this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full. If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder or available with the Depositary, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to require the accrual of the interest or other compensation for such delay in the payment. In cases provided by the agreement with NDC, the Issuer shall be authorized to require the confirmation of such information by data related to the rights recorded with regard to the Bond.

Before or on the 2nd (Second) business day before the date of the Bonds coupon yield payment, the Issuer shall transfer the required funds to the Payment Agent's account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the yield, as provided by the NDC, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain Bonds yield amounts.

On the date of the Bond coupon yield payment, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond yield amounts, as provided by the List of holders and/or nominal holders of the Bonds.

If a person is authorized to obtain yield amounts under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders.

If the date of the Bonds yield payment falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

2. Coupon: The interest rate for the second coupon - C(2) – shall be fixed to be equal to the interest rate for the

first coupon.

<i>Date of the commencement of the second coupon Period shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the second coupon Period shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the second coupon shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the second coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

3. Coupon: *The interest rate for the third coupon - C(3) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the third coupon Period shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the third coupon Period shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the third coupon shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the third coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

4. Coupon: *The interest rate for the fourth coupon - C(4) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the fourth coupon Period shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the fourth coupon Period shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the fourth coupon shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the fourth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

5. Coupon: *The interest rate for the fifth coupon - C(5) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the fifth coupon Period shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the fifth coupon Period shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the fifth coupon shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the fifth coupon of the Bonds shall be similar to</i>			

the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.

6. Coupon: *The interest rate for the six coupon - C(6) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the sixth coupon Period shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the sixth coupon Period shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the sixth coupon shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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Manner of the coupon (interest) yield payment:

The manner of the payment of the coupon (interest) yield on the sixth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.

7. Coupon: *The interest rate for the seven coupon - C(7) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the seventh coupon Period shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the seventh coupon Period shall be the 1274th (One thousand two hundred and seventy-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the seventh coupon shall be the 1274th (One thousand two hundred and seventy-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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Manner of the coupon (interest) yield payment:

The manner of the payment of the coupon (interest) yield on the seventh coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.

8. Coupon: *The interest rate for the eighth coupon - C(8) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the eighth coupon Period shall be the 1274th (One thousand two hundred and seventy-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the eighth coupon Period shall be the 1456th (One thousand four hundred and fifty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the eighth coupon shall be the 1456th (One thousand four hundred and fifty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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Manner of the coupon (interest) yield payment:

The manner of the payment of the coupon (interest) yield on the eighth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.

9. Coupon: *The interest rate for the ninth coupon - C(9) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the ninth coupon Period shall be the 1456th (One thousand four hundred and fifty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the ninth coupon Period shall be the 1638th (One thousand six hundred and thirty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the ninth coupon shall be the 1638th (One thousand six hundred and thirty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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			<i>the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the ninth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

10. Coupon: *The interest rate for the ten coupon - C(10) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the tenth coupon Period shall be the 1638th (One thousand six hundred and thirty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the tenth coupon Period shall be the 1820th (One thousand eight hundred and twentieth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the tenth coupon shall be the 1820th (One thousand eight hundred and twentieth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the tenth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

Names of stock exchanges which included such bonds into their listings: “Stock Exchange “MICEX” Closed Joint-Stock Company.

The issued securities are not secured bonds.
The issued securities are not issuer’s options.
The issued securities are not convertible securities.

5. Kind, series (type), form and other identification signs of securities: ***documentary interest non-convertible bearer bonds series 05 with the mandatory centralized custody.***

State registration number, date of the State registration of the securities issue: ***4-05-65018D dated 07.09.2006;***

date of the State registration of the report on the results of the securities issue: ***26.12.2006.***

name of the registration body (bodies) in charge of the State registration of the issue of securities and the State registration of the report of the results of the securities issue: ***FSFR of Russia.***

number of securities of the issue: ***5,000,000 (Five million) securities;***

nominal value of each security of the issue: ***Rb 1,000 (One thousand) each.***

volume of the issue at par value: ***Rb 5,000,000,000 (Five milliard).***

Rights reserved for each security of the issue: the bonds shall be direct unconditional obligations of “Federal Network Company of the United Energy System” Open Joint-Stock Company (“Issuer”). Each Bond of this issue shall grant to its holder the same scope of rights.

- ***A Bond holder shall be entitled to obtain the amount of the nominal value of the Bond.***
- ***A Bond holder shall be entitled to obtain the interest fixed as a percentage of the nominal value of the Bond (coupon yield) after the end of each Period in accordance with item 9.3 of the Resolution on the issue (“Resolution on the issue”) and in item 9.1.2. of the Securities Prospectus (“Prospectus”).***

- *A Bond holder shall be entitled to freely sell or otherwise transfer a Bond. A bond holder who bought the Bond upon the initial allocation shall not be authorized to make transactions with the Bond until the State registration of the report on the results of the issue of securities in accordance with the legislation of the Russian Federation.*
- *A Bond holder shall be entitled to have its invested funds back in the event the issue of the Bonds is recognized to be failed or invalid in accordance with the legislation of the Russian Federation;*
- *Actions of Bond holders and/or nominal holders in the event of the refusal of the Issuer to fulfill its obligations related to the Bonds of this issue, their non-performance or improper performance are described in item 9.7 of the Resolution on the issue and item 9.1.2 e) of the Prospectus.*
- *A Bond holder shall be authorized to exercise other rights, as provided by the law of the Russian Federation.*

Full name of the depository ensuring the centralized custody of securities of the issue: *Non-commercial Partnership “National Depository Center”*;

Abbreviated name: *NDC*

Location: *1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow,*

Postal address: *1/13, Sredniy Kislovskiy Lane, bld. 4, 125009 Moscow,*

TIN: *7706131216*

Phone: *(495) 956-2790, 956-2791*

Number of the license: *№ 177-03431-000100 (to carry out the depository activity)*

Issue date: *04.12.2000,*

Validity term: *perpetual license*

Licensing body: *Federal Securities Commission of Russia.*

Manner and condition of the issued bonds redemption:

Date of the bonds redemption:

Maturity date of the issued bonds:

the 1092nd (one thousand ninety-second) day after the date of the commencement of the allocation of the issued Bonds.

Date (date fixing procedure) as of which the list of bond holders is made for their redemption:

The redemption of the Bonds is made in favor of the Bond holders being as such as of the close of the business day of NDC previous to the 3rd (Third) business day before the date of the Bonds redemption (“Date of the preparation of the list of Bond holders and/or nominal holders”).

The redemption of the Bonds in favor of a holder included in the List of holders and/or nominal holders of the Bonds shall be recognized to be proper, including in the event of the transfer of the Bonds after the Date of the preparation of the list of Bond holders and/or nominal holders.

Other conditions and manner of the bond redemption:

The redemption of the bonds is made at par value.

The bonds redemption shall be made by the payment agent upon the request and at the expense of the Issuer (“Payment Agent”).

The bonds redemption shall be made in the currency of the Russian Federation in a cashless form in favor of Bond holders.

It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond redemption amount.

The fulfillment by the Issuer of its obligations related to the Bonds redemption shall be made on the grounds of the list of holders and/or nominal holders, as provided by NDC (“List of holders and/or nominal holders”).

A depositor of NDC not authorized by their clients to obtain funds upon the payment of the Bond redemption amount due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (Second) business day before the date of the Bond redemption, the list of Bond holders which shall contain all the references specified below in the List of holders and/or nominal holders of the Bonds.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds redemption amount, the nominal holder shall be presumed to be a person authorized to obtain amounts of the Bonds redemption.

If the rights of the Bond holders are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds redemption, the Bond holder shall be presumed to be a person authorized to obtain the Bond redemption.

On the grounds of the information available or provided by depositors, NDC shall submit the List of holders and/or nominal holders of the Bonds to the Issuer and/or the Payment Agent before or on the 2nd (Second) business day before the date of the Bond redemption.

The list of holders and/or nominal holders of the Bonds shall include the following information:

a) full name of the person authorized to obtain amounts related to the Bond redemption (surname, name, patronymic of a holder for an individual);

b) number of the Bonds recorded at the deposit account of a person authorized to obtain amounts related to the Bonds redemption;

c) location and postal address of a person authorized to obtain amounts related to the Bonds redemption;

d) name and references of the banking account of a person authorized to obtain amounts related to the Bonds redemption, namely:

- number of the account;

- name of the bank with which the account is opened;

- correspondent account of the bank with which the account is opened;

- banking identification code of the bank with which the account is opened.

e) taxpayer's identification number (TIN) of a person authorized to obtain amounts related to the Bond redemption (if any);

f) tax status of a person authorized to obtain amounts related to the Bond redemption (resident, nonresident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.);

g) code of the reason of the registration (KPP) of a person authorized to obtain amounts of the revenue and/or redemption of the Bonds.

In addition to the aforesaid information, the nominal holder shall provide NDC with, and NDC shall include in the List of holders and/or nominal holders of the Bonds the following information regarding individuals and legal entities being nonresidents of the Russian Federation, being Bond holders, irrespective of whether a nominal holder is authorized to obtain Bond redemption amounts or not:

a) if a Bond holder is a legal entity – nonresident:

- individual identification number (IIN) (if any);

b) if a Bond holder is an individual:

- kind, number, date and the place of the issue of the identity document of the holder, name of the issuing authority;

- day, month, and year of birth of the holder;

- place of the registration and postal address, including postal code, of the holder;

- tax status of the holder;

- number of the holder's State pension registration certificate (if any);

- TIN of the holder (if any).

Bond holders (holder), their authorized persons, including depositors of NDC shall provide NDC with the required information in a timely manner and independently monitor the

completeness and actuality of information submitted to NDC. They shall run all the risks connected with the non-submission/delayed submission of the information.

In the event of the failure of aforesaid persons to provide NDC with the said references required for the fulfillment by the Issuer of its Bond obligations, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be made based on information of NDC. In this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full. If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder or available with the Depository, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to require the accrual of the interest or other compensation for such delay in the payment. In cases provided by the agreement with NDC, the Issuer shall be authorized to require the confirmation of such information by data related to the rights recorded with regard to the Bond.

The Bond redemption in favor of a holder included in the List of holders and/or nominal holders of the Bonds shall be recognized to be due, including in the event of the transfer of the Bonds after the Date of the preparation of the list of holders and/or nominal holders of the Bonds.

Before or on the 2nd (Second) business day before the date of the redemption of the Bonds, the Issuer shall transfer the required funds to the Payment Agent's account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the redemption, as provided by the NDC, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain redemption amounts on the Bonds.

On the date of the redemption of the Bonds, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond redemption amounts, as provided by the List of holders and/or nominal holders of the Bonds.

If a person is authorized to obtain redemption amounts under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders. Nominal holders of the Bonds not being holders of the Bonds shall transfer funds obtained for the Bonds redemption due to holders of the Bonds in the manner determined between a nominal holder of the Bonds and a holder of the Bonds.

Upon the redemption of the Bonds the coupon yield shall be also paid for the last coupon Period.

If the date of the Bonds redemption falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

Debiting deposit accounts upon the redemption shall be made after the fulfillment by the Issuer of all the obligations to holders of the Bonds upon the payment of revenues and the nominal value of the Bonds.

The redemption of the certificate shall be made after the transfer of all the Bonds from the deposit account of NDC.

The amount of the interest (coupon) yield on bonds, manner and conditions of its payment shall be as follows:

Procedure for the determination of the yield

Coupon (interest) period		Coupon (interest) yield rate
Commencement date	Completion date	

1. Coupon: The interest rate for the first coupon – $C(1)$ – shall be determined by holding the tender among the potential buyers of the Bonds on the date of the commencement of the Bonds allocation. The manner and conditions of the tender are specified in item 8.3 of the Resolution on the issue of securities and item 2.7 of the Securities Prospectus.

<i>Date of the commencement of the Period of the first coupon shall be the date of the commencement of the Bonds allocation</i>	<i>Date of the completion of the Period of the first coupon shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the first coupon per Bond shall be calculated under the following formula: $K(1) = C(1) * N * (T(1) - T(0)) / 365 / 100 \%$, where $K(1)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(1)$ – interest rate for the first coupon, interest per annum; $T(0)$ – date of the commencement of the first coupon Period; $T(1)$ – date of the completion of the first coupon Period;</i>
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2. Coupon: The interest rate for the second coupon – $C(2)$ – shall be fixed to be equal to the interest rate for the first coupon.

<i>Date of the commencement of the Period of the second coupon shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the second coupon shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the second coupon per Bond shall be calculated under the following formula: $K(2) = C(2) * N * (T(2) - T(1)) / 365 / 100 \%$, where $K(2)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(2)$ – interest rate for the first second, interest per annum; $T(1)$ – date of the commencement of the second coupon Period; $T(2)$ – date of the completion of the second coupon Period;</i>
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3. Coupon: The interest rate for the third coupon – $C(3)$ – shall be fixed to be equal to the interest rate for the first coupon.

<i>Date of the commencement of the Period of the third coupon shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the third coupon shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the third coupon per Bond shall be calculated under the following formula: $K(3) = C(3) * N * (T(3) - T(2)) / 365 / 100 \%$, where $K(3)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(3)$ – interest rate for the third coupon, interest per annum; $T(2)$ – date of the commencement of the third coupon Period; $T(3)$ – date of the completion of the first coupon Period;</i>
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4. Coupon: The interest rate for the fourth coupon – $C(4)$ – shall be fixed to be equal to the interest rate for the first coupon.

<i>Date of the commencement of the Period of the fourth coupon shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the fourth coupon shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the fourth coupon per Bond shall be calculated under the following formula: $K(4) = C(4) * N * (T(4) - T(3)) / 365 / 100 \%$, where $K(4)$ – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; $C(4)$ – interest rate for the fourth coupon, interest per annum; $T(3)$ – date of the commencement of the fourth coupon Period; $T(4)$ – date of the completion of the first coupon Period;</i>
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5. Coupon: The interest rate for the fifth coupon – $C(5)$ – shall be fixed to be equal to the interest rate for the first coupon.

<i>Date of the commencement of the Period of the</i>	<i>Date of the completion of the Period of the</i>	<i>The amount of payments on the fifth coupon per Bond shall be calculated under the following formula:</i>
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<i>fifth coupon shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>fifth coupon shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>$K(5) = C(5) * N * (T(5) - T(4)) / 365 / 100 \%$, where <i>K(5) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(5) – interest rate for the fifth coupon, interest per annum; T(4) – date of the commencement of the fifth coupon Period; T(5) – date of the completion of the first coupon Period;</i></i>
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6. Coupon: *The interest rate for the sixth coupon – C(6) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the Period of the sixth coupon shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the Period of the sixth coupon shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The amount of payments on the sixth coupon per Bond shall be calculated under the following formula: $K(6) = C(6) * N * (T(6) - T(5)) / 365 / 100 \%$, where K(6) – amount of payments on the first coupon per Bond, Rb; N – nominal value of one Bond, Rb; C(6) – interest rate for the sixth coupon, interest per annum; T(5) – date of the commencement of the sixth coupon Period; T(6) – date of the completion of the first coupon Period;</i>
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The amount of the payment on any of the coupons per Bond shall be determined to within one kopeck (the round-up is made according to the mathematical round-up rules. Further, the mathematical round-up rule shall mean a round-up method according to each a value of an integer kopeck (integer kopecks) does not change if the first digit after the rounded one varies from 0 to 4, and increases by one if the first digit after the rounded one varies from 5 to 9).

The manner and terms of the payment of the bond yield, including the manner and term of the yield payment for each coupon.

Coupon (interest) period		Term (date) of the payment of the coupon (interest) yield	Date of the preparation of the list of the bond holders for the payment of the coupon (interest) yield
Date of the commencement	Date of the completion		

1. Coupon: *The interest rate for the first coupon – C(1) – shall be determined by holding the tender among potential buyers of bonds as of the date of the commencement of the Bonds allocation. The manner and conditions of the tender are specified in item 8.3 of the Resolution on the issue and item 2.7 of the Securities Prospectus.*

<i>Date of the commencement of the first coupon Period shall be the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the first coupon Period shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the first coupon shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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Manner of the payment of the coupon (interest) yield:
*The coupon yield on the Bonds shall be made by the payment agent upon the request and at the expense of the Issuer.
The bonds yield shall be made in specie in the currency of the Russian Federation in a cashless form in favor of Bond holders. It is presumed that nominal holders, depositors of NDC, are authorized to obtain funds upon the payment of the Bond yield amount. The fulfillment by the Issuer of its obligations related to*

the payment of the Bonds yield shall be made on the grounds of the list of holders and/or nominal holders, as provided by NDC ("List of holders and/or nominal holders").

A depositor of NDC not authorized by their clients to obtain funds upon the payment of the Bond yield amount due shall submit to NDC, before or at 12:00 a.m. (Moscow time) of the day preceding the 2nd (Second) business day before the date of the Bond yield payment, the list of Bond holders which shall contain all the references specified below in the List of holders and/or nominal holders of the Bonds.

If the rights of a Bond holder are recorded by a nominal holder of the Bonds and a nominal holder of the Bonds is authorized to obtain the Bonds yield amount, the nominal holder shall be presumed to be a person authorized to obtain amounts of the Bonds yield.

If the rights of the Bond holders are not recorded by a nominal holder of the Bonds or a nominal holder is not authorized by the holder to obtain the Bonds yield, the Bond holder shall be presumed to be a person authorized to obtain the Bond yield.

On the grounds of the information available or provided by depositors, NDC shall submit the List of holders and/or nominal holders of the Bonds to the Issuer and/or the Payment Agent before or on the 2nd (Second) business day before the date of the Bond yield.

The list of holders and/or nominal holders of the Bonds shall include the following information:

a) full name of the person authorized to obtain the Bond yield amounts (surname, name, patronymic of a holder for an individual);

b) number of the Bonds recorded at the deposit account of a person authorized to obtain the Bonds yield amounts;

c) location and postal address of a person authorized to obtain the Bonds yield amounts;

d) name and references of the banking account of a person authorized to obtain the Bonds yield amounts, namely:

- number of the account;

- name of the bank with which the account is opened;

- correspondent account of the bank with which the account is opened;

- banking identification code of the bank with which the account is opened.

e) taxpayer's identification number (TIN) of a person authorized to obtain amounts related to the Bond yield (if any);

f) tax status of a person authorized to obtain amounts related to the Bond yield (resident, nonresident with a permanent representative office in the Russian Federation, nonresident without a permanent representative office in the Russian Federation, etc.);

g) code of the reason of the registration (KPP) of a person authorized to obtain amounts of the revenue and/or yield of the Bonds.

In addition to the aforesaid information, the nominal holder shall provide NDC with, and NDC shall include in the List of holders and/or nominal holders of the Bonds the following information regarding individuals and legal entities being nonresidents of the Russian Federation, being Bond holders, irrespective of whether a nominal holder is authorized to obtain Bond yield amounts or not:

a) if a Bond holder is a legal entity – nonresident:

- individual identification number (IIN) (if any);

b) if a Bond holder is an individual:

- kind, number, date and the place of the issue of the identity document of the holder, name of the issuing authority;

- day, month, and year of birth of the holder;

- place of the registration and postal address, including postal code, of the holder;

- tax status of the holder;

- number of the holder's State pension registration certificate (if any);

- TIN of the holder (if any).

The Bond yield payment shall be made in favor of holders of the Bonds being as such as of the close of the business day of NDC previous to the 3rd (Third) business day before the relevant date of the payment of the coupon yield on the Bonds ("Date of the preparation of the List of holders and/or nominal holders of the Bonds"). The fulfillment of obligations in favor of a holder included in the List of holders and/or nominal holders of the Bonds shall be recognized to be proper, including in the event of the transfer of the Bonds after the Date of the preparation of the list of holders and/or nominal holders of the Bonds.

Bond holders (holder), their authorized persons, including depositors of NDC shall provide NDC with the required information in a timely manner and independently monitor the completeness and actuality of information submitted to NDC. They shall run all the risks connected with the non-submission/delayed submission of the information.

In the event of the failure of aforesaid persons to provide NDC with the said references required for the fulfillment by the Issuer of its Bond obligations, the fulfillment of such obligations shall be made in favor of a person who claimed the fulfillment of the obligations and being a holder of the Bonds as of the date of the claim submission. In this case, the fulfillment by the Issuer of obligations related to the Bonds shall be

made based on information of NDC. In this case, obligations of the Issuer shall be deemed to have been duly fulfilled in full. If references of a banking account or other information required for the fulfillment by the Issuer of its obligations under the Bonds, as provided by a holder or a nominal holder or available with the Depository, do not allow the Payment Agent to transfer funds in a timely manner, such delay shall not be considered as a delay in the fulfillment of obligations under the Bonds and a holder of the Bonds shall not be authorized to require the accrual of the interest or other compensation for such delay in the payment. In cases provided by the agreement with NDC, the Issuer shall be authorized to require the confirmation of such information by data related to the rights recorded with regard to the Bond.

Before or on the 2nd (Second) business day before the date of the Bonds coupon yield payment, the Issuer shall transfer the required funds to the Payment Agent's account.

On the grounds of the List of holders and/or nominal holders of the Bonds for the yield, as provided by the NDC, the Payment Agent shall calculate the amounts of funds due to each of the persons authorized to obtain Bonds yield amounts.

On the date of the Bond coupon yield payment, the Payment Agent shall transfer the required funds to accounts of persons authorized to obtain Bond yield amounts, as provided by the List of holders and/or nominal holders of the Bonds.

If a person is authorized to obtain yield amounts under the Bonds by several Bond holders, the aggregate amount shall be amounted to such person without breaking it down by Bond holders.

If the date of the Bonds yield payment falls on a holiday, whether it is a State holiday or a holiday for settlement transactions, the payment of the amount due shall be made on the first business day following the holiday. The Bond holder shall be authorized to require the interest accrual or any other compensation for such delay in payment.

2. Coupon: *The interest rate for the second coupon - C(2) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the second coupon Period shall be the 182nd (One hundred and eighty-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the second coupon Period shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the second coupon shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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Manner of the coupon (interest) yield payment:

The manner of the payment of the coupon (interest) yield on the second coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.

3. Coupon: *The interest rate for the third coupon - C(3) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the third coupon Period shall be the 364th (Three hundred and sixty-fourth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the third coupon Period shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the third coupon shall be the 546th (Five hundred and forty-sixth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
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Manner of the coupon (interest) yield payment:

The manner of the payment of the coupon (interest) yield on the third coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.

4. Coupon: *The interest rate for the fourth coupon - C(4) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the fourth coupon Period shall be the 546th (Five hundred and forty-sixth) day after the</i>	<i>Date of the completion of the fourth coupon Period shall be the 728th (Seven hundred and twenty-eighth) day</i>	<i>Date of the payment of the coupon yield for the fourth coupon shall be the 728th (Seven hundred and twenty-eighth) day after</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business</i>
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<i>date of the commencement of the Bonds allocation.</i>	<i>after the date of the commencement of the Bonds allocation.</i>	<i>the date of the commencement of the Bonds allocation.</i>	<i>day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the fourth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

5. Coupon: *The interest rate for the fifth coupon - C(5) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the fifth coupon Period shall be the 728th (Seven hundred and twenty-eighth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the fifth coupon Period shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the fifth coupon shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the fifth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

6. Coupon: *The interest rate for the six coupon - C(6) – shall be fixed to be equal to the interest rate for the first coupon.*

<i>Date of the commencement of the sixth coupon Period shall be the 910th (Nine hundred and tenth) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the completion of the sixth coupon Period shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>Date of the payment of the coupon yield for the sixth coupon shall be the 1092nd (One thousand ninety-second) day after the date of the commencement of the Bonds allocation.</i>	<i>The payment of the Bond yield shall be made in favor of holders of the Bonds being as such as of the end of the business day of NDC previous to the 3rd (Third) business day before the date of the payment of the yield on the Bonds.</i>
Manner of the coupon (interest) yield payment: <i>The manner of the payment of the coupon (interest) yield on the sixth coupon of the Bonds shall be similar to the manner of the payment of coupon (interest) yield on the first coupon of the Bonds.</i>			

Names of stock exchanges which included such bonds into their listings: “Stock Exchange “MICEX” Closed Joint-Stock Company.

The issued securities are not secured bonds.

The issued securities are not issuer’s options.

The issued securities are not convertible securities.

8.3.3. Information about Issues the Issuer’s Obligations for the Securities of Which Were Not Fulfilled (Default):

No such issues exist.

8.4. Information about the Person (Persons) Which Provided the Security for the Issued Bonds

“FNC of UES” JSC did not place secured bonds.

8.5. Conditions of the Surety for the Fulfillment of the Obligations Related to the Issued Bonds

“FNC of UES” JSC did not place secured bonds.

8.5.1. Conditions of the Surety for the Fulfillment of the Obligations Related to the Issued Bonds with the Mortgage Coverage

“FNC of UES” JSC did not place bonds with the mortgage coverage.

8.6. Information about Organizations Recording Rights for the Issued Securities of the Issuer

Person keeping a register of holders of registered securities of the issuer (issuer, registrar) – *“Central Moscow Depository” Open Joint-Stock Company (“CMD” JSC).*

Location: *3, Orlikov Lane, bld. B, 107078 Moscow.*

Postal address: *34, Bolshaya Pochtovaya Street, bld. 8, 105082 Moscow.*

Ph.: *(495) 221-13-31, 221-13-35* Fax: *(495) 221-13-34*

E-mail address: *dr@mcd.ru.*

License:

Number of the license: *10-000-1-00255*

Issue date: *13.09.2002*

Validity term: *not fixed*

License issuing body: *Federal Stock Market Commission*

Date from which the register of issued securities shall be kept by the registrar: *27.11.2002*

Outstanding securities are documentary securities of the issuer with the mandatory centralized custody (bonds series 02, series 03, series 04, and series 05).

The depository ensuring the centralized custody of certificates of the Bonds of all the series:

Full name: Non-commercial Partnership “National Depository Center”

Abbreviated name: NDC

Location: 13, Zhitnaya Street, 117049 Moscow, Russian Federation.

License number: 177-03441-000100

Issue date: 4.12.2000

Term: unlimited

Licensing body: Federal Securities Commission of Russia

8.7. Information about Legal Acts Regulating the Issues Related to the Capital Import and Export Which May Affect the Payment of Dividends, Interest, and Other Payments to Non-residents

Titles and references of legal acts of the Russian Federation regulating the issues related to the capital import and export which may affect the payment of interest and other payments due to nonresidents holding securities of the Issuer:

- Federal Law dated 10.12.2003 № 173-FZ “On the Currency Regulation and Currency Control”;
- “Tax Code of the Russian Federation (Part One)” dated 31.07.1998 № 146-FZ;
- “Tax Code of the Russian Federation (Part Two)” dated 05.08.2000 № 117-FZ;
- Federal Law dated 22.04.1996 № 39-FZ “On the Stock Market”;
- Federal Law dated 10.07.2002 № 86-FZ “On the Central Bank of the Russian Federation”;

- Federal Law dated 07.08.2001 № 115-FZ “On Counteracting the Legalization (Laundering) of Criminal Proceeds and Terrorism Funding”;
- Federal Law dated 09.07.1999 № 160-FZ “On Foreign Investments in the Russian Federation”;
- Instruction of the Central Bank of the Russian Federation dated 15.06.2004 № 117-I “On the Manner of Submission of Documents and Information by Residents and Nonresidents to Authorized Banks During the Performance of Currency Transactions, Recording by Authorized Banks of Currency Transactions and Issuing Transaction Passports”.

8.8. Description of the Taxation of Revenues from Issued Securities Allocated and Being Allocated by the Issuer

The taxation of revenues from issued securities allocated and being allocated by the Issuer shall be regulated by the Tax Code of the Russian Federation (“TC”) as well as other regulatory acts of the Russian Federation passed in accordance with the Tax Code of the Russian Federation.

Tax Rates

Kind of the revenue	Legal Entities		Individuals	
	Residents	Nonresidents	Residents	Nonresidents
Dividends	9%, 0%*	15%	9%	15%
Bond coupons	24%	2%	13%	30%
Revenues from sales of securities	24%	20%	13%	30%

* in accordance with article 284, item 3, of the Tax Code of the Russian Federation the rate of 0% is applied to revenues obtained by Russian organizations in the form of dividends, provided as of the date of the ratification of the resolution on the payment of dividends, the organization obtaining the dividends uninterruptedly holds, during at least 365 days, at least a 50% share in the charter capital of the organization paying dividends or depository certificates giving the right to obtain dividends to the extent of the amount corresponding to at least 50% of the total amount of dividends paid by the organization, and further provided that the cost of acquisition and (or) receipt, under the law of the Russian Federation, of a share in the charter capital of the organization paying dividends or depository certificates giving the right to obtain dividends exceeds Rb 500 mln. In other cases the rate shall be equal to 9%.

Taxation of Individuals

Kind of the tax: tax on the income of individuals.

Revenues from sources in the Russian Federation shall include:

- dividends and interest obtained from a Russian organization as well as interest from Russian individual businessmen and (or) a foreign organization in connection with the activity of its permanent representative office in the Russian Federation;
- revenues from sales, in the Russian Federation, of shares and other securities as well as shares in the charter capital of organizations.

Taxable base:

A revenue of a taxpayer obtained as a material benefit is a material benefit obtained from the acquisition of securities. The taxable base shall be determine as an excess of the market value of securities determined subject to the ultimate value of fluctuations of the market price of securities over the amount of actual expenses of a taxpayer for their acquisition. The manner of the determination of the market price of securities and the ultimate value of fluctuations of the market price of securities shall be determined by the federal body in charge of the regulation of the stock market.

When determining the taxable base for revenues from transactions with securities, they shall take into account revenues obtained from the following transactions:

- purchase & sale of securities circulating on the organized stock market;

- purchase & sale of securities not circulating on the organized stock market.

The revenue (loss) from transactions related to the purchase & sale of securities shall be determined as a difference between amounts of revenues obtained from sales of securities and expenses supported by documents for the acquisition, sales, and custody of securities which were actually incurred by a taxpayer and taken into account for decreasing revenues from a purchase & sale transaction.

The said expenses include:

- an amount paid to the seller under the agreement;
- payment for services rendered by the depository;
- fees paid to professional participants of the stock market, a discount paid (compensated) by a managing organization of the share investment fund upon the sale (redemption) by the investor of the investment share of the share investment fund, as determined in accordance with the manner provided by the law of the Russian Federation on investment funds;
- exchange fee;
- payment for services of the registrar;
- other expenses directly connected with the purchase, sale, and custody of securities incurred in connection with the services rendered by professional participants of the stock market within the framework of its professional activity.

The revenue (loss) from transactions related to the purchase & sale of securities circulating on the organized stock market shall be reduced (increased) by the amount of the interest paid for the use of funds raised for the conclusion of the transaction related to the purchase & sale of securities to the extent of amounts calculated based on the effective refinancing rate of the Central Bank of the Russian Federation.

The amount of the loss from transactions with securities circulating on the organized stock market shall be determined subject to the ultimate value of fluctuations of the market price of the stock market.

The securities circulating on the organized stock market shall include securities included in the listing of the trade organizer holding a license of the federal body regulating the stock market.

The market quotation of a security circulating on the organized stock market shall mean a weighted average price of a security for transactions made during a business day through the Trade Organizer. If transactions with the same securities were made through two or more Trade Organizers, the taxpayer shall be authorized to independently select the market quotation of securities offered by either of the trade organizers. If the weighted average price is not calculated by the trade organizer, the weighted average price shall be equal to a half of the sum of the maximal and minimal prices of transactions made within a trading day through such trade organizer.

If expenses of a taxpayer for the acquisition, sales, and custody of securities cannot be directly related to expenses for the acquisition, sales, and custody of specific securities, the said expenses shall be distributed proportionally to the value of securities accounting for the said expenses. The value of securities shall be determined as of the date when such expenses were incurred.

If the expenses of a taxpayer cannot be supported by documents, it shall not be authorized to benefit from the property tax benefit, as provided by paragraph one, sub-item 1, item 1, article 20 of the Tax Code.

The loss from transactions with securities circulating on the organized stock market incurred as a result of the said transactions made during the tax period shall reduce the taxable base for transactions of purchase & sale of securities of such category.

The revenues from transactions of the purchase & sale of securities not circulating on the organized stock market which met, as of the moment of their acquisition, the requirements set for the securities circulating on the organized stock market may be decreased by the amount of the loss incurred during the tax period in connection with transactions of the purchase & sale of securities circulating on the organized stock market.

The date of the actual receipt of the revenue:

- day of the payment of revenues, including the transfer of the revenue to account of a taxpayer with banks or, upon its request, to accounts of third persons if revenues are paid in cash;
- day of the securities acquisition.

The taxable base for transactions related to securities purchase & sale and transactions with term financial instruments shall be determined after the end of the tax period. The calculation and payment of the tax amount shall be made by a tax agent after the end of the tax period or upon the payment by it of funds to a taxpayer before the expiration of the relevant tax period.

In accordance with article 214.1 of the Code, tax agents shall mean brokers, trustees, managing companies rendering services for the trust management of assets constituting the share investment fund or other persons making transactions under an agency agreement or other agreement in favor of a taxpayer. If the organization concluded a brokerage agreement with an individual, such organization shall be considered to be a tax agent and on the grounds of item 1, article 226, of the Code it shall calculate, retain from a taxpayer and transfer the NDFL amount to the budget.

If a professional intermediary is not involved in the transaction, the taxpayer shall independently calculate the NDFL amount and submit, before 30 April of the year following the reporting one, a tax return specifying all the revenues obtained during the tax period. The taxpayer shall pay a tax before or on 15 July of the year following the expired tax period.

When making payments by a tax agent before the expiration of a tax period, the tax shall be paid from a share of the revenue determined in accordance with this article to the extent of the actual amount of paid funds. A share of the revenue shall be determined as a product of the total amount of the revenue and a ratio between the amount of the payment and the estimation of the securities value, as determined as of the date of the payment of funds for which the tax agent acts as a broker. When making cash payments to a taxpayer more than once during a tax period, the tax amount shall be calculated as a progressive total subject to the tax amounts paid before.

The estimation of the securities value shall be determined based on the expenses actually incurred for the acquisition and supported by documents.

The money payment shall mean a payment of cash, transfer of funds to a banking account of an individual or to an account of a third person upon the request of an individual.

If it is not possible to withhold from a taxpayer an accrued tax amount by a revenue source, a tax agent (broker, trustee, or other person performing transactions under an agency agreement, fee agreement, other agreement in favor of a taxpayer) shall notify in writing, within a month after the occurrence of such event in writing, a tax body at the place of its regulations, of the impossibility to make such withholding and the amount due from a taxpayer. The tax payment shall be made, in this case, in accordance with article 228 of the Tax Code.

Taxation of Legal Entities

Kind of the tax: profit tax.

Revenues shall include:

- proceeds from sales of property rights (revenues from sales);
- non-sale revenues in the form of the interest on securities and other debt obligations and/or share participation in other organizations.

Taxable base:

Revenues of a taxpayer from sales or other disposal of securities (including the redemption) shall be determined based on the selling price or other price of other disposal of a security as well as an amount of the accumulated interest (coupon) revenue paid by a buyer to a taxpayer and an amount of the interest (coupon) revenue paid to a taxpayer by the Issuer. In this case, the revenue of a taxpayer from sales or other disposal of securities shall not include amounts of the interest (coupon) revenue recorded before upon the taxation.

Expenses from sales (or other disposal) of securities shall be determined based on the acquisition price of securities (including expenses for its acquisition), costs for their sales, discounts from the calculated cost of investment shares, amounts of the accumulated interest (coupon) revenue paid by a taxpayer to the securities seller. In this case, the expenses shall not include amounts of the accumulated interest (coupon) revenue recorded before upon the taxation.

Securities shall be deemed to be circulating on the organized stock market, provided the following conditions are simultaneously fulfilled:

- 1) if they are included in the listing by one of the trade organizers authorized to do this in accordance with the national law;
- 2) if the information about their prices (quotations) are published in mass media (including electronic ones) or may be provided by the trade organizer or another authorized person to any person concerned within three years after the date of the conclusion of securities transactions.
- 3) if the market quotation is calculated for them when required by the relevant national law.

For the purposes of the taxation, the market price of securities circulating on the organized stock market shall be deemed to be equal to an actual price of the sale or other disposal of securities if such price is within an interval between the minimal and maximal prices of transactions (price interval) with such securities, as registered by the trade organizer on the stock market as of the date of the conclusion of the relevant transaction. In the event of the sale of securities circulating on the organized stock market at the price below the minimal price of transactions on the organized stock market, during the determination of the financial result, the minimal price of the transaction on the organized stock market shall be used.

The accumulated interest (coupon) revenue shall mean a percentage of the interest (coupon) revenue the payment of which is provided for by the terms and conditions of the issue of such securities calculated proportionally to the number of days which elapsed after the date of the issue of the securities or the date of the payment of the previous coupon yield before the date of the conclusion of the transaction (date of the transfer of the securities).

For the securities not circulating on the organized stock market, for the purpose of taxation, the actual price of the sale or other disposal of securities shall be used, provided any of the following conditions is fulfilled:

- 1) if the actual price of the relevant transaction is within the interval of prices for the similar (identical, uniform) securities registered by the trade organizer on the stock market as of the date of the conclusion of the relevant transaction if trades for such securities were held for such securities by the trade organizer at least once during the last 12 months.
- 2) if the deviation of the actual price of the relevant transaction varies within 20 percent upwards or downwards of the weighted average price for the similar (identical, uniform) securities calculated by the trade organizer on the stock market in accordance with its trading rules effective as of the date of the conclusion of such transaction or as of the date of the next trades before the date of the conclusion of the relevant transaction if the trades in such securities are held by the trade organizer at least once during the last 12 months.

In the event of the absence of the information about the results of trades in the similar (identical, uniform) securities, the actual price shall be used for the purpose of taxation if the said price differs by more than 20 percent of the calculated price for such securities which may be determined as of the date of the conclusion of the transaction with securities subject to specific conditions of the concluded transaction, special features of the circulation and prices for securities and other indicators the information about which may constitute grounds for such calculation. To determine the calculated price for shares by the taxpayer independently or through an appraiser, they shall use methods of the estimation of the value, as provided by the law of the Russian Federation to determine the calculated price of the debt securities and they may use the refinancing rate of the Central Bank of the Russian Federation. If the taxpayer determines the calculated price for the shares independently, the used method of the value estimation shall be specified in the accounting policy of the taxpayer.

The taxable base for the transactions with securities shall be determined a taxpayer separately, except the taxable base for transactions with securities, as determined by professional stock market participants. In this case, taxpayers (except professional stock market participants conducting the dealing activity) shall determine the tax base for transactions with securities circulating on the organized stock market, separately from the taxable base for transactions with securities not circulating on the organized stock market.

In the event of the sale or other disposal of securities, the taxpayer shall independently, in accordance with the accounting policy adopted for the purposes of taxation, shall select one of the following methods of amortizing the value of the securities disposed of as expenses:

- 1) according to the cost of the first bought securities (FIFO);
- 2) 1) according to the cost of the last bought securities (LIFO);
- 3) according the unit cost.

Taxpayers incurred a loss (losses) from transactions with securities during the previous tax period or during previous tax periods shall be authorized to reduce the taxable base for transactions with securities during the reporting (tax) period (to carry forward the said losses) in the manner and under conditions, as provided by article 283 of the Tax Code.

In this case, losses from transactions with securities not circulating on the organized stock market incurred during the previous tax period (previous tax periods) may reduce the taxable base for transactions with such securities, as determined during the reporting (tax) period. Losses from transactions with securities circulating on the organized stock market incurred during the previous tax period (previous tax periods) may reduce the taxable base for transactions related to sales of such category of securities.

Within the tax period, losses shall be carried forward in connection with transactions with securities circulating on the organized stock market and securities not circulating on the organized stock market, accordingly, to the extent of the amount of the profit generated from transactions with such securities.

8.9. Information about Declared (Accrued) and Paid Dividends on Shares of the Issuer as well as about Revenues on the Issuer's Bonds

1.

Category of the shares: *ordinary*

Form of the shares: *registered book-entry*

Dividends on shares of such category (type):

No decisions to pay dividends for 2002, 2003, 2004 were taken.

Dividend period: 2005

Name of the governing body of the issuer which has taken a decision to pay (declared the payment of) dividends on the shares of the issuer: *general shareholders' meeting*

Date of holding the meeting of the governing body of the issuer which has taken the decision to pay (declare) dividends: *23 June 2006*

Date and number of the minutes of the meeting of the governing body of the issuer which has taken the decision to pay (declare) dividends: *minutes № 224 dated 23.06.2006*

Term for the payment of declared dividends on the shares of the issuer: *within 60 days after the approval of the decision on their payment*

Form and other conditions of the payment of the declared dividends on the shares of the issuer: *in specie*

Amount of dividends accrued per share (Rb): *0,001510016*

Total amount of dividends accrued on the shares of such category (type) (Rb): *367,292,784.49*

Total amount of dividends actually paid on the shares of such category (type) (Rb): *367,292,784.49*

Dividend period: 2006

Name of the governing body of the issuer which has taken a decision to pay (declared the payment of) dividends on the shares of the issuer: **general shareholders' meeting**

Date of holding the meeting of the governing body of the issuer which has taken the decision to pay (declare) dividends: **29 June 2007**

Date and number of the minutes of the meeting of the governing body of the issuer which has taken the decision to pay (declare) dividends: **minutes № 1 dated 12.07.2007**

Term for the payment of declared dividends on the shares of the issuer: **within 60 days after the approval of the decision on their payment**

Form and other conditions of the payment of the declared dividends on the shares of the issuer: **in specie**

Amount of dividends accrued per share (Rb): **0,001626664**

Total amount of dividends accrued on the shares of such category (type) (Rb): **587,847,427.86**

Total amount of dividends actually paid on the shares of such category (type) (Rb): **587,847,427.86**

2.

Kind of securities (bonds), series, for, and other identification features of the issued bonds: **documentary interest non-convertible bearer bonds of series 01 with the mandatory centralized custody ("Bonds");**

State registration number of the issue of the bonds and the date of the State registration: **№ 4-01-65018-D dated 02 December 2004;**

Date of the State registration of the report on the results of the bond issue: **18 January 2005;**

Number of the issued securities: **5,000,000 (Five million) securities;**

Nominal value of each issued security: **Rb 1,000 (One thousand) each;**

Volume of the issue of securities at par value: **Rb 5,000,000,000 (Five milliard);**

Kind of the revenue paid on bonds of the issue: the revenue for the Bonds of series 01 is the amount of coupon yields accrued and paid for each coupon period and the nominal value upon the bond redemption.

Information about the Yield on the Issued Bonds:

Number of the coupon period for which payments have been made	Date for the yield payment	Amount of the yield due for the bonds of series 01, in Rb	
		per bond	for all the bonds
1	21.06.2005	Rb 43.88	219 400 000
2	20.12.2005	Rb 43.88	219 400 000
3	20.06.2006	Rb 43.88	219 400 000
4	19.12.2006	Rb 43.88	219 400 000
5	19.06.2007	Rb 43.88	219 400 000
6	18.12.2007	Rb 43.88	219 400 000

The payment of revenues on bonds of series 01 is made by the payment agent upon the request of the Issuer the functions of which it performs:

Full corporate name: **Non-commercial partnership "National Depository Center"**

Abbreviated corporate name: **NDC**

Location: **1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow.**

The payment of revenues on the Bonds of series 01 is made in the currency of the Russian Federation in a cashless form.

Reporting period for which the revenues were paid on the bonds of the issue:

First coupon period (till 22.06.2005)

Total amount of revenues paid for the reporting period – Rb 219.4 mln

The revenues on the bonds of the issue due till 22.06.2005 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 43.88.

Second coupon period (till 20.12.2005)

Total amount of revenues paid for the reporting period – Rb 219.4 mln

The revenues on the bonds of the issue due till 20.12.2005 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 43.88.

Third coupon period (till 20.06.2006)

Total amount of revenues paid for the reporting period – Rb 219.4 mln

The revenues on the bonds of the issue due till 20.06.2006 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 43.88.

Fourth coupon period (till 19.12.2006)

Total amount of revenues paid for the reporting period – Rb 219.4 mln

The revenues on the bonds of the issue due till 19.12.2006 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 43.88.

Fifth coupon period (till 19.07.2007)

Total amount of revenues paid for the reporting period – Rb 219.4 mln

The revenues on the bonds of the issue due till 19.07.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 43.88.

Six coupon period (till 18.12.2007)

Total amount of revenues paid for the reporting period under the coupon – Rb 219.4 mln

The revenues on the bonds of the issue due till 18.12.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 43.88.

On 18.12.2007, the documentary interest non-convertible bearer bonds of series 01 with the mandatory centralized custody were redeemed at par value.

The total amount of revenue paid for the reporting period as the nominal value is equal to Rb 5,000,000,000 (Five milliard), the payment per bond reached Rb 1,000.

The bonds were repaid in a timely manner and in full.

Kind of securities (bonds), series, for, and other identification features of the issued bonds: ***documentary interest non-convertible bearer bonds of series 02 with the mandatory centralized custody;***

State registration number of the issue of the bonds and the date of the State registration: ***№ 4-02-65018-D dated 11.05.2005;***

Name of the registration body in charge of the State registration of the securities issue: ***FSFR of Russia.***

Date of the State registration of the report on the results of the securities issue: ***23.08.2005;***

Name of the registration body in charge of the State registration of the report on the results of the securities issue: ***FSFR of Russia.***

Number of the issued securities: **7,000,000 (Seven million) securities;**
 Nominal value of each issued security: **Rb 1,000;**
 Volume of the issue of securities at par value: **Rb 7,000,000 securities;**
Kind of the revenue paid on bonds of the issue: the revenue for the Bonds of series 02 is the amount of coupon yields accrued and paid for each coupon period and the nominal value upon the bond redemption.

Information about the Yield on the Issued Bonds:

Number of the coupon period for which payments have been made	Date for the yield payment	Amount of the yield due for the bonds of series 02, in Rb	
		per bond	for all the bonds
1	27.12.2005	Rb 41.14	287 980 000
2	27.06.2006	Rb 41.14	287 980 000
3	26.12.2006	Rb 41.14	287 980 000
4	26.06.2007	Rb 41.14	287 980 000
5	25.12.2007	Rb 41.14	287 980 000
6	24.06.2008	Rb 41.14	287 980 000
7	23.12.2008	Rb 41.14	287 980 000
8	23.06.2009	Rb 41.14	287 980 000
9	22.12.2009	Rb 41.14	287 980 000
10	22.06.2010	Rb 41.14	287 980 000

The payment of revenues on bonds of series 02 is made by the payment agent upon the request of the Issuer the functions of which it performs:

Full corporate name: **Non-commercial partnership "National Depository Center"**

Abbreviated corporate name: **NDC**

Location: **1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow.**

The payment of revenues on the Bonds of series 02 is made in the currency of the Russian Federation in a cashless form.

Reporting period for which the revenues were paid on the bonds of the issue:

First coupon period (till 27.12.2005)

Total amount of revenues paid for the reporting period – Rb 287.98 mln.

The revenues on the bonds of the issue due till 27.12.2005 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 41.14.

Second coupon period (till 27.06.2006)

Total amount of revenues paid for the reporting period – Rb 287.98 mln.

The revenues on the bonds of the issue due till 27.06.2006 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 41.14.

Third coupon period (till 26.12.2006)

Total amount of revenues paid for the reporting period – Rb 287.98 mln.

The revenues on the bonds of the issue due till 26.12.2006 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 41.14.

Fourth coupon period (till 26.06.2007)

Total amount of revenues paid for the reporting period – Rb 287.98 mln

The revenues on the bonds of the issue due till 26.06.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 41.14.

Fifth coupon period (till 27.12.2007)

Total amount of revenues paid for the reporting period – Rb 287.98 mln

The revenues on the bonds of the issue due till 25.12.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 41.14.

Kind of securities (bonds), series, for, and other identification features of the issued bonds: **documentary interest non-convertible bearer bonds of series 03 with the mandatory centralized custody;**

State registration number of the issue of the bonds and the date of the State registration: **№ 4-03-65018-D dated 24.11.2005;**

Name of the registration body in charge of the State registration of the securities issue: **FSFR of Russia.**

Date of the State registration of the report on the results of the securities issue: **24.01.2006;**

Name of the registration body in charge of the State registration of the report on the results of the securities issue: **FSFR of Russia.**

Number of the issued securities: **7,000,000 (Seven million) securities;**

Nominal value of each issued security: **Rb 1,000;**

Volume of the issue of securities at par value: **Rb 7,000,000 securities**

Kind of the revenue paid on bonds of the issue: the revenue for the Bonds of series 03 is the amount of coupon yields accrued and paid for each coupon period and the nominal value upon the bond redemption.

Information about the Yield on the Issued Bonds:

Number of the coupon period for which payments have been made	Date for the yield payment	Amount of the yield due for the bonds of series 03, in Rb	
		per bond	for all the bonds
1	16.06.2006	Rb 35.40	247 800 000
2	15.12.2006	Rb 35.40	247 800 000
3	15.06.2007	Rb 35.40	247 800 000
4	14.12.2007	Rb 35.40	247 800 000
5	13.06.2008	Rb 35.40	247 800 000
6	12.12.2008	Rb 35.40	247 800 000

The payment of revenues on bonds of series 03 is made by the payment agent upon the request of the Issuer the functions of which it performs:

Full corporate name: **Non-commercial partnership “National Depository Center”**

Abbreviated corporate name: **NDC**

Location: **1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow.**

The payment of revenues on the Bonds of series 03 is made in the currency of the Russian Federation in a cashless form.

Reporting period for which the revenues were paid on the bonds of the issue:

First coupon period (till 16.06.2006)

Total amount of revenues paid for the reporting period – Rb 247,800,000.

The revenues on the bonds of the issue due till 16.06.2006 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 35.40.

Second coupon period (till 15.12.2006)

Total amount of revenues paid for the reporting period – Rb 247,800,000.

The revenues on the bonds of the issue due till 15.12.2006 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 35.40.

Third coupon period (till 15.06.2007)

Total amount of revenues paid for the reporting period – Rb 247,800,000.

The revenues on the bonds of the issue due till 15.06.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 35.40.

Fourth coupon period (till 14.12.2007)

Total amount of revenues paid for the reporting period – Rb 247,800,000.

The revenues on the bonds of the issue due till 14.12.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 35.40.

Kind of securities (bonds), series, for, and other identification features of the issued bonds: ***documentary interest non-convertible bearer bonds of series 04 with the mandatory centralized custody;***

State registration number of the issue of the bonds and the date of the State registration: ***№ 4-04-65018-D dated 07.09.2006;***

Name of the registration body in charge of the State registration of the securities issue: ***FSFR of Russia.***

Date of the registration of the report on the results of the securities issue: ***08.11.2006;***

Name of the registration body in charge of the State registration of the report on the results of the securities issue: ***FSFR of Russia.***

Number of the issued securities: ***7,000,000 (Seven million) securities;***

Nominal value of each issued security: ***Rb 1,000;***

Volume of the issue of securities at par value: ***Rb 7,000,000 securities***

Kind of the revenue paid on bonds of the issue: the revenue for the Bonds of series 03 is the amount of coupon yields accrued and paid for each coupon period and the nominal value upon the bond redemption.

Information about the Yield on the Issued Bonds:

Number of the coupon period for which payments have been made	Date for the yield payment	Amount of the yield due for the bonds of series 04, in Rb	
		per bond	for all the bonds
1	12.04.2007	Rb 36.40	218 400 000
2	11.10.2007	Rb 36.40	218 400 000
3	10.04.2008	Rb 36.40	218 400 000

4	09.10.2008	Rb 36.40	218 400 000
5	09.04.2009	Rb 36.40	218 400 000
6	08.10.2009	Rb 36.40	218 400 000
7	08.04.2010	Rb 36.40	218 400 000
8	07.10.2010	Rb 36.40	218 400 000
9	07.04.2011	Rb 36.40	218 400 000
10	06.10.2001	Rb 36.40	218 400 000

The payment of revenues on bonds of series 04 is made by the payment agent upon the request of the Issuer the functions of which it performs:

Full corporate name: *Non-commercial partnership "National Depository Center"*

Abbreviated corporate name: *NDC*

Location: *1/13, Sredniy Kislovskiy Lane, bld. 4, Moscow.*

The payment of revenues on the Bonds of series 03 is made in the currency of the Russian Federation in a cashless form.

Reporting period for which the revenues were paid on the bonds of the issue:

First coupon period (till 12.04.2007)

Total amount of revenues paid for the reporting period – Rb 218,400,000.

The revenues on the bonds of the issue due till 12.04.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 36.40.

Second coupon period (till 11.10.2007)

Total amount of revenues paid for the reporting period – Rb 218,400,000.

The revenues on the bonds of the issue due till 11.10.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 36.40.

Third coupon period (till 10.04.2008)

Total amount of revenues paid for the reporting period – Rb 218,400,000.

The revenues on the bonds of the issue due till 10.04.2008 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 36.40.

Kind of securities (bonds), series, for, and other identification features of the issued bonds: *documentary interest non-convertible bearer bonds of series 05 with the mandatory centralized custody;*

State registration number of the issue of the bonds and the date of the State registration: *№ 4-05-65018-D dated 07.09.2006;*

Name of the registration body in charge of the State registration of the securities issue: *FSFR of Russia.*

Date of the registration of the report on the results of the securities issue: *05.12.2006;*

Name of the registration body in charge of the State registration of the report on the results of the securities issue: *FSFR of Russia.*

Number of the issued securities: *5,000,000 (Five million) securities;*

Nominal value of each issued security: *Rb 1,000;*

Volume of the issue of securities at par value: *Rb 5,000,000 securities*

Kind of the revenue paid on bonds of the issue: the revenue for the Bonds of series 03 is the amount of coupon yields accrued and paid for each coupon period and the nominal value upon the bond redemption.

Information about the Yield on the Issued Bonds:

Number of the coupon period for which payments have been made	Date for the yield payment	Amount of the yield due for the bonds of series 04, in Rb	
		per bond	for all the bonds
1	05.06.2007	Rb 35.90	179 500 000
2	04.12.2007	Rb 35.90	179 500 000
3	03.06.2008	Rb 35.90	179 500 000
4	02.12.2008	Rb 35.90	179 500 000
5	02.06.2009	Rb 35.90	179 500 000
6	01.12.2009	Rb 35.90	179 500 000

The payment of revenues on bonds of series 05 is made by the payment agent upon the request of the Issuer the functions of which it performs:

Full corporate name: *Non-commercial partnership “National Depository Center”*

Abbreviated corporate name: *NDC*

Location: *1/13, Sredniy Kislowskiy Lane, bld. 4, Moscow.*

The payment of revenues on the Bonds of series 03 is made in the currency of the Russian Federation in a cashless form.

Reporting period for which the revenues were paid on the bonds of the issue:

First coupon period (till 05.06.2007)

Total amount of revenues paid for the reporting period – Rb 179,500,000.

The revenues on the bonds of the issue due till 05.06.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 35.90.

Second coupon period (till 04.12.2007)

Total amount of revenues paid for the reporting period – Rb 179,500,000.

The revenues on the bonds of the issue due till 04.12.2007 were paid in a timely manner and in full.

The rate of the coupon yield paid per bond with the nominal value of Rb 1,000 reached Rb 35.90.

8.10. Other Information

In the 1st quarter of 2008 the following significant changes were made to the corporate management system:

1. On 15.02.2008 the Board of Directors of the Company (Minutes № 54) ratified the following internal documents:

- Provisions on the Dividend Policy of “FNC of UES” JSC;
- Provisions on the Audit Committee of the board of directors of “FNC of UES” JSC;
- Provisions on the H.R. and Remuneration Committee of the board of directors of “FNC of UES” JSC.

2. On 28.02.2008 the Board of Directors of the Company (Minutes № 55) ratified the following documents:

- Corporate Behavior Code of “FNC of UES” JSC;
- Provisions on the Information Policy of “FNC of UES” JSC;
- Provisions on the Insider’s Information of “FNC of UES” JSC;
- Provisions on the Internal Control of “FNC of UES” JSC.

The said documents were ratified to improve the corporate management system of “FNC of UES” JSC and to protect the rights of shareholders and investors. Documents are available at the official Internet site of the Company at: http://www.fsk-ees.ru/stockholders_documents.html.

3. On 11.03.2008 the extraordinary general shareholders' meeting of “FNC of UES” JSC was held at which they adopted amendments and additions to the Charter of the Company. The minutes of the extraordinary general shareholders' meeting and amendments made to the Charter are available at the official Internet site of the Company at: http://www.fsk-ees.ru/stockholders_symmary_decisions.html.

4. On 17.03.2008, they completed the allocation of the second additional issue of ordinary registered book-entry shares in the Company (State registration number 1-01-65018-D-002D dated 23.08.2007). 114,965,254,235 (one hundred and fourteen milliard nine hundred and sixty-five million two hundred and fifty-four thousand two hundred and thirty-five) shares were placed with the nominal value of Rb 0.5 (zero point five) each what is 95.8% of the issue volume. The shares were placed within the framework of the closed subscription in favor of the Russian Federation and RAO “UES of Russia” JSC.

Appendix 1. Accounting report of 2007 (under Russian standards)



Appendix
to the Russian Ministry of
Finance Order № 67н
dated 22.07.2003

ACCOUNTING BALANCE SHEET
as for 31st of December 200 7

Company Open Joint-Stock Company "Federal Grid Company of Unified Energy System"		ОКУД Form #1 Date (YY/MM/DD)	CODES 0710001		
Tax identification code	ИНН	2007	12	31	
Activity electrical power transmission	ОКВЭД	56947007			
form of legal entity's incorporation / form of ownership open joint-stock company / private entity	ОКОПФ/ОКФС	4716016979			
Unit of measure: thousand RUR	ОКЕИ	40.10.2			
Location (address): 117630, Russia, Moscow, Akademika Chelomeya str., 5A		47	16		
		384/385			
	Approval date				
	Date of sending (acceptance)	30.03.2008			

ASSET	Indicator code	As for beginning of the accounting period	As for end of the accounting period
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets, including:	110	851 367	853 024
right to the patents, programmes, trademarks, etc.	111	851 367	853 024
other nonmaterial assets	112	-	-
Fixed assets, including:	120	110 854 786	114 114 002
plots of land and use of natural resources	121	3 818	5 646
buildings, cars and equipment, constructions	122	110 061 665	112 958 562
other fixed assets	123	789 303	1 149 794
Construction in progress, including:	130	41 875 765	76 702 820
equipment for installation	131	3 042 846	12 868 547
investments into non-current assets	132	38 832 919	63 834 273
Income-bearing investments into material valuables	135	-	-
Long-term financial investments	140	32 994 433	42 662 825
Deferred tax assets	145	398 512	-
Other non-current assets	150	1 040 120	1 534 619
TOTAL for Section I	190	188 014 983	235 867 290
II. CURRENT ASSETS			
Inventory, including:	210	1 377 965	2 238 267
raw materials, materials and other similar assets	211	1 258 966	1 832 120
costs for production in progress	213	-	-
finished goods and goods for resale	214	34	120 930
expenditures of future periods	216	118 965	285 217
other inventory and expenditure	217	-	-
Value added tax on purchased assets	220	1 364 869	1 731 506
Accounts receivable (payments are planned over more than 12 months upon the balance sheet date)	230	483 485	605 359
other receivables	234	483 485	605 359
Accounts receivable (payments are planned within 12 months upon the balance sheet date), including:	240	21 499 102	42 267 665
customers and consumers	241	2 084 062	1 683 081
amounts owed by partners as payments into the registered capital	242	-	-
made advance payments	243	12 387 539	22 635 275
other debtors	244	7 027 501	17 949 309
Short-term financial investments	250	929 091	3 930 420
Monetary assets, including:	260	5 457 948	9 991 374
cash in hand	261	3 245	4 514
settlement accounts	262	5 453 169	9 984 286
foreign currency accounts	263	-	-
monetary instruments	264	169	16
other monetary assets	265	1 365	2 558
Other current assets	270	-	-
TOTAL for Section II	290	31 112 460	60 764 591
BALANCE	300	219 127 443	296 631 881



Appendix
to the Russian Ministry of
Finance Order № 67н
dated 22.07.2003

PROFIT AND LOSS STATEMENT

as for the full year 200 7

ОКУД Form #2
Date (YY/MM/DD)

Company **Open Joint-Stock Company "Federal Grid Company of Unified Energy System"**

ОКПО

Tax identification code

ИНН

Activity electrical power transmission

ОКВЭД

form of legal entity's incorporation / form of ownership / form of ownership

open joint-stock company / private entity

ОКОПФ/ОКФС

Unit of measure: thousand RUR

ОКЕИ

CODES		
0710002		
2007	12	31
56947007		
4716016979		
40.10.2		
47	16	
384/385		

Indicator		For the reporting period	For the similar period of the previous year
name	code		
1	2	3	4
Income and loss for usual activities			
Net-earnings from sales of goods, products and services (minus VAT, excise duties and other similar compulsory payments), including::	010	61 384 715	53 599 546
electrical power transmission services	011	59 512 705	52 687 881
other activity	012	1 872 010	911 665
Production cost for goods, products and services sold, including::	020	(52 029 831)	(43 624 101)
electrical power transmission services	021	(51 025 762)	(43 461 372)
other activity	022	(1 004 069)	(162 729)
Gross earnings (010 + 020)	029	9 354 884	9 975 445
Commercial expenses	030	-	-
Management expenses	040	(3 074 934)	(1 876 547)
Profit (loss) from sales (029 + 030 + 040)	050	6 279 950	8 098 898
Operational income and expenses			
Interest receivable	060	1 601 419	328 434
Interest payable	070	(2 692 245)	(1 952 217)
Income from participation in other companies	080	16 269	997
Other operational profits	090	1 063 647	667 123
Other operational expenses	100	(2 369 314)	(3 590 127)
Profit (loss) before tax (050 + 060 + 070 + 080 + 090 + 100 + 120 + 130 + 160 + 170)	140	3 899 726	3 553 108
Provisional income-tax expense (140 x 24%)	143	(935 934)	(852 746)
Recurrent taxes	200	(671 864)	(862 228)
Deferred tax assets	141	3 271	(15 279)
Deferred tax liabilities	142	(403 358)	(237 748)
Current income-tax (143 + 200 - 141+142)	150	(1 207 711)	(1 461 947)
Other similar compulsory payments	151	(1 364)	(4 650)
Income-tax corection for the previous periods	152	5 603	-
Net income (loss) of the reporting period (140 + 143 + 200 + 151) или (140 + 141 + 150 + 151)	190	2 296 167	1 833 484
FOR REFERENCE ONLY			
Base income (loss) for 100 000 000 shares	201	735	754
Diluted income (loss) for 100 000 000 shares	202	735	754

INTERPRETATION OF PARTICULAR INCOME AND LOSS

Indicator		For the reporting period		For the similar period of the previous year	
name	code	income	loss	income	loss
1	2	3	4	5	6
Penalties, fines and forfeits admitted or payable under (Arbitrage) court decision		21 509	1 289	8158	398
Income (loss) of the previous years		3 596	31 936	82598	16 366
Indemnity for losses because of non-fulfillment or undue fulfillment of obligations (liabilities)		-	-	-	-
Exchange rate differences for operations in foreign currencies		85 012	38 025	1238	151
Deductions for assessed reserves		X	803 387	X	1 684 211
Cancellation of accounts payable and receivable with exceeded time allowed for claims		-	-	649	-

Manager _____ A.A. Demin
(signature) (signator)

Chief accountant _____ V.V. Schukin
(signature) (signator)

" 30 " _____ March _____ 200 8



Appendix
to the Russian Ministry of Finance
Order № 67н
dated 22.07.2003

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
in 200 7

Company **Open Joint-Stock Company "Federal Grid Company of Unified Energy System"**

ОКУД Form #3
Date (YY/MM/DD)

ОКПО

CODES		
0710003		
2007	12	31
56947007		
4716016979		
40.10.2		
47	16	
384/385		

Tax identification code

Activity electrical power transmission

ИНН

ОКВЭД

form of legal entity's incorporation / form of ownership / form of ownership

open joint-stock company / private entity

ОКОИПФ/ОКФС

Unit of measure: thousand RUR

ОКЕИ

I. Changes in equity

Indicator		Charter capital	Additional capital	Reserve capital	Unappropriated profit (uncovered loss)	Total
name	code					
1	2	3	4	5	6	7
Balance as for 31 December of the year preceding the previous	010	121 607 242	9 322 392	1 782 195	2 017 390	134 729 219
200 6 (previous year)	011	X	X	X	-	-
Changes in the accounting policy	012	X	3 830 705	X	2 325	3 833 030
Changes in business accounting rules	013	X	-	X	-	-
Balance as for 1 January of the previous year	020	121 607 242	13 153 097	1 782 195	2 019 715	138 562 249
Foreign currency translation balance	023	X	-	X	X	-
Net profit	025	X	X	X	1 833 484	1 833 484
Dividends	026	X	X	X	(367 292)	(367 292)
Deductions to the reserve fund	030	X	X	1 629 774	(1 629 774)	-
Enlargement of capital value by:	040	-	49 526	X	X	49 526
additional issue of shares	041	-	X	X	X	-
increase of share denomination	042	-	X	X	X	-
reorganisation of legal entity	043	-	X	X	-	-
other	044	-	49 526	-	-	49 526
Reduction of capital value by:	050	-	(76 174)	-	76 174	-
decrease of share denomination	051	-	X	X	X	-
reduction of shares quantity	052	-	X	X	X	-
reorganisation of legal entity	053	-	X	X	-	-
other	054	-	(76 174)	-	76 174	-
own shares reacquired from shareholders	055	-	-	-	-	-
Balance as for 31 December of the previous year	060	121 607 242	13 126 449	3 411 969	1 932 307	140 077 967
200 7 г. (reported year)	061	X	X	X	-	-
Changes in the accounting policy	062	X	3 958 177	X	1 348	3 959 525
Changes in business accounting rules	063	X	-	X	(44 183)	(44 183)
Balance as for 1 January of the reported year	100	121 607 242	17 084 626	3 411 969	1 889 472	143 993 309
Foreign currency translation balance	103	X	-	X	X	-
Net profit	105	X	X	X	2 296 167	2 296 167
Dividends	106	X	X	X	(587 847)	(587 847)

1	2	3	4	5	6	7
Deductions to the reserve fund	110	X	X	1 245 636	(1 245 636)	-
Enlargement of capital value by:	120	59 083 862	-	-	-	59 083 862
additional issue of shares	121	59 083 862	X	X	X	59 083 862
increase of share denomination	122	-	X	X	X	-
reorganisation of legal entity	123	-	X	X	-	-
other	124	-	-	-	-	-
own shares reacquired from shareholders	125	-	-	-	-	-
Reduction of capital value by:	130	-	(90 580)	X	90 580	-
decrease of share denomination	131	-	X	X	X	-
reduction of shares quantity	132	-	X	X	X	-
reorganisation of legal entity	133	-	X	X	-	-
other	134	-	(90 580)	-	90 580	-
Balance as for 31 December of the reported year	140	180 691 104	16 994 046	4 657 605	2 442 736	204 785 491

II. Reserves

Indicator		Balance	Received	Used	Balance
name	code				
1	2	3	4	5	6
Reserves made under legislation:					
previous year data	150	1 782 195	1 629 774	-	3 411 969
reported year data	151	3 411 969	1 245 636	-	4 657 605
Reserves made under foundation documents:					
previous year data	152	-	-	-	-
reported year data	153	-	-	-	-
Assessed reserves:					
doubtful debts reserve					
(reserve name)					
previous year data	160	46 846	570 059	(3 909)	612 996
reported year data	161	612 996	803 387	(532 919)	883 464
reserve for depreciation of financial investments					
(reserve name)					
previous year data	162	943 000	1 531 081	-	2 474 081
reported year data	163	2 474 081	-	-	2 474 081

Notes

Indicator		Entrance balance for the reported year		Ending balance for the reported year	
name	code	year		year	
1	2	3		4	
1) Net assets	200	143 993 324		204 785 566	
		From budget		Non-budget funds	
		Reporting year	Previous year	Reporting year	Previous year
		3	4	5	6
2) Received for:					
ordinary activities expenses - total	210	-	44	58	-
including:					
for payments to Chernobyl veterans	211	-	44	-	-
capital investment to fixed assets	220	-	-	-	-
other	230	-	-	-	-

Manager _____ A.A. Demin
(signature) (signatory)

Chief accountant _____ V.V. Schukin
(signature) (signatory)

" 30 " _____ March _____ 200 8



Appendix
to the Russian Ministry
of Finance Order №
67н
dated 22.07.2003

CASH FLOW STATEMENT
for 200 7

ОКУД Form #4
Date (YY/MM/DD) 2007 | 12 | 31

Company **Open Joint-Stock Company "Federal Grid Company of Unified Energy System"** ОКПО 56947007
Tax identification code _____ ИИН **4716016979**
Activity **electrical power transmission** ОКВЭД 40.10.2
form of legal entity's incorporation / form of ownership / form of ownership _____
open joint-stock company / private entity ОК0ПФ/ОКФС 47 | 16
Unit of measure: **thousand RUR** ОКЕИ 384/385

Indicator		In the reported period	In the similar period of the previous year
name	code		
1	2	3	4
Entrance cash balance for the reported year	010	5 457 779	1 341 732
Cash flow in day-to-day operations			
Receipts from customers, consumers	020	74 954 296	61 970 322
Entry of purchased foreign currency	030	175 223	135 417
Receipt from insured accidents	040	81 362	175 490
Other receipts	050	13 195 838	6 840 078
Cash directed at:			
payment for the procured goods, works, services, raw materials and other circulating assets	150	(48 127 959)	(30 180 276)
remuneration of labour	160	(5 944 700)	(4 778 297)
payment of dividend, interest	170	(3 211 091)	(2 088 216)
settlements of taxes and dues	180	(4 439 853)	(3 642 289)
payments on extraordinary events	181	-	(9 359)
other expenses	190	(10 143 548)	(7 068 220)
Net cash from day-to-day operations	200	16 539 568	21 354 650
Cash flow in investment activities			
Receipts from sale of fixed assets and other non-circulating assets	210	17 289	139
Receipts from sale of securities and other financial investments	220	5 746	286 776
Dividend received	230	16 269	997
Interest received	240	1 440 699	258 031
Receipts from redemption of loans provided for other organisations	250	200 721	1 000 000
Other receipts	260	-	-
Cash directed at:			
procurement of daughter companies	280	(719 670)	-
procurement of fixed assets, income-bearing investment into material values and intangible assets	290	(64 856 737)	(33 275 910)
procurement of securities and other financial investments	300	(5 746)	(2 061 760)
loans provided for other organisations	310	(2 899 096)	(1 618 758)
other expenses	320	(73 238)	(78 572)
Net cash from investment activities	340	(66 873 763)	(35 489 057)

1	2	3	4
Cash flow in financial activities			
Receipts from issue of equity or other shares	350	62 868 086	3 044 413
Receipts from loans and credits provided for other organisations	360	22 000 000	19 447 910
Receipt of funds in accordance with targeted financing	370	-	44
Other receipts	380	-	-
Cash directed at:			
redemption of loans and credits (without interest)	390	(27 000 000)	(4 241 600)
other expenses	405	(312)	(313)
Net cash from financial activities	410	57 867 774	18 250 454
Net growth (loss) of cash and its equivalents	420	7 533 579	4 116 047
Ending cash balance for the reported period	430	12 991 358	5 457 779
Influence of foreign currency change versus RUR	440	-	-

Manager A.A. Demin Chief accountant V.V. Schukin
(signature) (signatory) (signature) (signatory)

" 30 " March 200 8



Appendix
to the Russian Ministry of
Finance Order № 67Н
dated 22.07.2003

NOTES TO THE ACCOUNTING BALANCE
for 200 7

ОКУД Form #5
Date (YY/MM/DD)

Company **Open Joint-Stock Company "Federal Grid Company of Unified Energy System"**

ОКПО

Tax identification code

ИНН

Activity

electrical power transmission

ОКВЭД

form of legal entity's incorporation / form of ownership / form of ownership

open joint-stock company / private entity

ОКОПФ/ОКФС

Unit of measure:

thousand RUR

ОКЕИ

CODES		
0710005		
2007	12	31
56947007		
4716016979		
40.10.2		
47	16	
384/385		

Intangible assets

Indicator		Entrance balance for the reported year	Received	Withdrawn	Ending balance for the reported period
name	code				
1	2	3	4	5	6
Proprietary articles (exclusive right for results of intellectual property)	010	870 087	184 125	-	1 054 212
including:					
by patent holder for invention, industrial prototype, useful model	011	373	-	-	373
by possessor of right for computer programs, databases	012	869 468	184 125	-	1 053 593
by possessor of right for topology integrated microcircuits	013	-	-	-	-
by owner for trademark and service mark, appellation of goods origin	014	246	-	-	246
by patent holder for selection achievements	015	-	-	-	-
Organisational costs	020	-	-	-	-
Company goodwill	030	-	-	-	-
Other	040	877	-	-	877
Total	045	870 964	184 125	-	1 055 089

Indicator		Entrance balance for the reported year	Ending balance for the reported period
name	code		
1	2	3	4
Depreciation of intangible assets - total	050		
including:		19597	202 065
		-	-

Fixed assets

Indicator		Entrance balance for the reported year	Received	Withdrawn	Ending balance for the reported period
name	code				
1	2	3	4	5	6
Buildings	110	8 677 085	794 549	(32 019)	9 439 615
Constructions and transfer mechanisms	111	115 488 068	6 157 540	(165 519)	121 480 089
Cars and equipment	112	43 037 527	12 376 575	(614 577)	54 799 525
Transportation vehicles	113	785 575	304 997	(33 037)	1 057 535
Production and household stock	114	528 863	222 805	(12 934)	738 734
Work cattle	115	-	-	-	-
Productive cattle	116	-	-	-	-
Perennial plantations	117	-	-	-	-
Other types of fixed assets	118	176 406	417 010	(8 095)	585 321
Plots of land and objects of environmental management	119	3 818	1 828	-	5 646
Capital investment into reclamation of lands	120	-	-	-	-
Total	130	168 697 342	20 275 304	(866 181)	188 106 465

Indicator		Entrance balance for the reported year	Ending balance for the reported period	
name	code			
1	2	3	4	
Depreciation of fixed assets - total	140	57 842 556	73 992 463	
including:				
buildings and constructions	141	36 554 731	46 542 451	
cars, equipment, transportation vehicles	142	13 663 333	18 369 837	
other	143	7 624 492	9 080 175	
Fixed assets let for lease - total	150	2 587 574	2 702 166	
including:				
buildings and constructions	151	2 410 025	2 514 537	
cars, equipment, transportation vehicles	152	177 549	152 150	
other	153	-	35 479	
Isolated fixed assets	155	2 237	2 237	
Leased fixed assets - total	160	124 047 041	124 723 505	
including:				
buildings and constructions	161	1 357 889	53 314 546	
cars, equipment, transportation vehicles	162	122 688 699	42 616 994	
other	163	453	28 791 965	
Real assets accepted into operation and being in the process of state registration	165	1 118 613	1 989 264	
For reference. Results of fixed assets revaluation:	code	Entrance balance for the reported year	Entrance balance for the previous year	
	2	3	4	
	170	3 959 525	3 833 030	
	original (present) value	171	5 737 461	5 168 563
	depreciation	172	1 777 936	1 335 533
Change in the cost of fixed assets as a consequence of further construction, further equipment, reconstruction, partial liquidation	code	Entrance balance for the reported year	Entrance balance for the reported period	
	2	3	4	
	180	1 732 859	2 292 751	

Income-bearing investments into material valuables

Indicator		Entrance balance for the reported year	Received	Withdrawn	Ending balance for the reported period
name	code				
1	2	3	4	5	6
Property to be let for leasing	210	-	-	-	-
Property, provide under rent contracts	220	-	-	-	-
Other	230	-	-	-	-
Total	240	-	-	-	-
	code	Entrance balance for the reported year	Ending balance for the reported period		
1	2	3	4		
Depreciation of income-bearing investments into material valuables	250	-	-		

Expenditure on scientific and research, experiment and constructive, and technologic works

Works		Entrance balance for the reported year	Received	Withdrawn	Ending balance for the reported period
name	code				
1	2	3	4	5	6
Total	310	331 023	3 500	(100 568)	233 955
including:	311	-	-	-	-
	312	-	-	-	-
other	313	331 023	3 500	(100 568)	233 955
For reference.			code	Entrance balance for the reported year	Ending balance for the reported year
			2	3	4
Sum of expenses on incomplete scientific and research, experiment-constructive, and technological works			320	188 265	188 494
			code	For the reported period	For the similar period of the previous year
			2	3	4
Sum of expenses on scientific and research, experiment-constructive, and technological works without positive effect, which are accounted for as extraordinary expenses			330	-	-

Expenses on natural resource development

Indicator		Entrance balance for the reported year	Received	Withdrawn	Ending balance for the reported period
name	code				
1	2	3	4	5	6
Expenses on natural resource development - total	410	-	-	-	-
including:	411	-	-	-	-
	412	-	-	-	-
	413	-	-	-	-
For reference.			code	Entrance balance for the reported year	Ending balance for the reported period
			2	3	4
Total expenditure on mineral wealth fields, with not completed finding and deposit evaluation, exploration and (or) hydro geological investigation and other similar works			420	-	-
Total expenditure on development of natural resource development, registered in the reporting period as extraordinary expenditure as non-effective			430	-	-

Financial investment

Indicator		Long-term		Short-term	
		Entrance balance for the reported year	Ending balance for the reported period	Entrance balance for the reported year	Ending balance for the reported period
name	code				
1	2	3	4	5	6
Investment into charter (reserve) capitals of other companies - total	510	32 842 351	42 331 364	-	-
including daughter and depend economic societies	511	32 842 192	42 331 205	-	-
State and municipal securities	515	-	-	-	-
Securities of other companies - total	520	35 000	35 000	-	-
including debt securities (bonds, promissory notes)	521	35 000	35 000	-	-
Received loans	525	117 082	296 461	929 091	930 420
Deposits	530	-	-	-	3 000 000
Other	535	-	-	-	-
Total	540	32 994 433	42 662 825	929 091	3 930 420
Of total sum of financial investments, having current market value:					
Investment into charter (reserve) capitals of other companies - total	550	-	-	-	-
including daughter and depend economic societies	551	-	-	-	-
State and municipal securities	555	-	-	-	-
Securities of other companies - total	560	-	-	-	-
including debt securities (bonds, promissory notes)	561	-	-	-	-
Other	565	-	-	-	-
Total	570	-	-	-	-
For reference.					
For financial investment, which have current market value, change in the cost as a consequence of valuation adjustment	580	-	-	-	-
For debt securities, difference between initial cost and nominal value is registered as financial result of the reporting period	590	-	-	-	-

Accounts receivable and accounts payable

Indicator		Entrance balance for the reported year	Ending balance for the reported period
name	code		
1	2	3	4
Accounts receivable:			
short-term, total	610	21 499 102	42 267 665
including:			
settlements with customers and consumers	611	2 084 062	1 683 081
made advance payments	612	12 387 539	22 635 275
other	613	7 027 501	17 949 309
long-term, total	620	483 485	605 359
including:			
settlements with customers and consumers	621	-	-
made advance payments	622	-	-
other	623	483 485	605 359
Total	630	21 982 587	42 873 024
Accounts payable:			
short-term, total	640	45 134 119	68 844 741
including:			
settlements with suppliers and contractors	641	4 052 464	8 572 693
received advance payments	642	854 328	3 732 442
settlements of taxes and dues	643	117 122	137 141
credits	644	75 230	107 274
loans	645	5 165 805	7 156 469
other	646	34 869 170	49 138 722
long-term, total	650	30 000 000	23 000 000
including:			
credits	651	5 000 000	5 000 000
loans	652	25 000 000	18 000 000
other	653	-	-
Total	660	75 134 119	91 844 741

Expenditure on ordinary activities (by cost elements)

Indicator		For the reported year	For the previous year
name	code		
1	2	3	4
Material expenses	710	18 864 102	16 176 515
Labour costs	720	6 906 967	5 322 164
Fringe benefit expenses	730	1 413 921	1 122 675
Depreciation	740	16 818 197	14 796 813
Other expenses	750	11 101 578	8 082 481
Total for cost elements	760	55 104 765	45 500 648
Balance change (growth [+], loss [-]):			
work in progress	765	-	(3 377)
expenditures of future periods	766	758 048	543 008
reserves for costs to be incurred	767	-	-

Securities

Indicator		Entrance balance for the reported year	Ending balance for the reported period
name	code		
1	2	3	4
Received, total	810	5 738 640	8 321 808
including:			
promissory notes	811	-	-
Property received as pledge	820	-	-
of which:			
fixed assets	821	-	-
securities and other financial investments	822	-	-
other	823	-	-
Issues, total	830	419 460	389 741
including:			
promissory notes	831	-	-
Property let as pledge	840	-	-
of which:			
fixed assets	841	-	-
securities and other financial investments	842	-	-
other	843	-	-

Government aid

Indicator		Reported period		Similar period of the previous year	
name	code				
1	2	3		4	
Budget funds received in the reported year, total	910	-	-	-	44
including:					
other	912	-	-	-	44
		Beginning balance for the reported year	received in the reported period	returned in the reported period	Ending balance fro the reported period
Budget credits, total	920	-	-	-	-
including:					
	921	-	-	-	-
other	922	-	-	-	-

Manager _____ A.A. Demin
(signature) (signatory)

Chief accountant _____ V.V. Schukin
(signature) (signatory)

" 30 " _____ March _____ 200 8

Federal Grid Company of the Unified Energy System

EXPLANATORY NOTE

TO ACCOUNTS

OF OPEN JOINT STOCK COMPANY

FEDERAL GRID COMPANY OF

THE UNIFIED ENERGY SYSTEM

FOR 2007

I. General

Open Joint Stock Company Federal Grid Company of the Unified Energy System (hereinafter referred to as the “Company”) was established by virtue of resolutions of the Board of Directors of JSC RAO UES of Russia dated 25.01.2002 and 07.05.2002 and resolution of the Management board of JSC RAO UES of Russia dated 21.01.2001 pursuant to resolution No. 526 of the Russian Federation Government *Reforming of Electric Power Industry in the Russian Federation* dated 11.07.2001.

The Articles of Association of the Company were approved by order No. 42p of JSC RAO UES of Russia dated 18.06.2002 and registered by an Agency of Justice, Leningrad Region Registration Chamber on 25.06.2002. The new version of the Articles of Association was approved by resolution of the general meeting of shareholders of the Company on 06.03.2007 and registered by Interdistrict Inspectorate No. 46 of the Federal Tax Service for the City of Moscow.

Pursuant to its Articles of Association, the Company is a subsidiary of JSC RAO UES of Russia. In the course of the electric power industry reform, shares in the Company will be proportionally divided among shareholders of RAO UES of Russia and subsequently, according to the applicable legislation, the interest of the Government in the authorised capital of the Company will be increased to 75 % plus one share. As of 31.12.2007, the interest of the Government in the authorised capital of the Company amounted to 12.44 %.

The Company was established for an unlimited period. It operates in accordance with the Civil Code of the Russian Federation, Federal Joint Stock Company Law No. 208-FZ dated 26.12.1995, Federal Electric Power Industry Law No. 35-FZ dated 26.03.2003, other Regulations of the Russian Federation and the Articles of Association of the Company.

The Company owns ring-fenced assets recorded on its independent balance sheet, it may acquire and exercise any property and personal non-property rights, perform obligations, bring or defend any action before court in its own name. The Company may duly open bank accounts both in the Russian Federation and abroad. The Company shall be liable for its obligations with all its property.

The main objectives of the Company shall be as follows:

- to secure reliable operation, increase efficiency and develop the Unified Energy System of the Russian Federation, including isolated electricity systems;
- to render services in connection with electric power transmission through the Unified National Power Grid (UNPG) to wholesale market entities and any other parties owning or otherwise possessing, as permitted by federal laws, any electric power facilities duly technologically connected to the UNPG for a contract-based consideration;
- to create conditions for efficient functioning of the wholesale electric power market;
- to conduct efficient operation and centralised technical management of power grids forming a part of the Unified Energy System of Russia;
- to operate and develop the telecommunication infrastructure of the electric power market;
- to realise profit.

The Company may engage in the following activities:

- to render services in connection with transmission and distribution of electric power;
- to render services associated with connection to power grids;
- to render communication services;
- to diagnose, operate and maintain technical communication networks, measuring and recording equipment, relay protection and emergency control scheme equipment as well as any other equipment associated with operation of power grid facilities and equipment for controlling of the UES of Russia;
- to develop power grids and other power grid facilities, including design, engineering surveys, construction, reconstruction, technical upgrading, assembly and setting-up;
- to carry out foreign economic activities, trade and economic co-operation, scientific and technological co-operation with foreign companies for the purpose of promoting operations of the Company provided for by its Articles of Association;

- to carry out any other activities permitted by the legislation of the Russian Federation and associated with the objectives provided for by the Articles of Association.

The seat and registered office of the Company is as follows: 117630, Moscow, ul. Akademika Chelomeya, 5a.

The Company was registered in the Unified State Register of Legal Entities under No. 1024701893336 on 20.08.2002.

The average staffing number of the Company was 20,717 employees in 2007. In 2006, the average staffing number was 18,103 persons.

The following persons are members of the Board of Directors of the Company as of 31.12.2006:

No.	Name	Title
1	Viktor Borisovich Khristenko	Minister of Industry and Energy of the Russian Federation, Chairman of the Board of Directors
2	Boris Ilyich Ayuyev	Member of the Management Board of JSC RAO UES of Russia, Chairman of the Management Board of JSC SO-CDU UES
3	Alexandr Stalyevich Voloshin	Chairman of the Board of Directors of JSC RAO UES of Russia
4	German Oskarovich Gref	President and Chairman of the Management Board of the Savings Bank of Russia
5	Yuri Mitrofanovich Medvedev	Vice Director of the Federal Agency for Federal Property Management
6	Vladimir Valeriyevich Rashevsky	General Director of JSC SUEK
7	Andrei Natanovich Rappoport	Member of the Management Board, Managing Director of JSC RAO UES of Russia (Business Unit of the Grid), Chairman of the Management Board of JSC UES FGC
8	Yuri Arcadieievich Udaltsov	Member of the Management Board of JSC RAO UES of Russia, Director of the Reform Management Centre of JSC RAO UES of Russia
9	Anatoly Borisovich Chubais	Chairman of the Management Board of JSC RAO UES of Russia
10	Denis Arcadieievich Askinadze	Department Director of the Ministry of Economic Development and Trade of the Russian Federation

The following persons are members of the Management Board of the Company:

No.	Name	Title
1	Andrei Natanovich Rappoport	Chairman of the Management Board
2	Alexandr Nicolayevich Chistyakov	First Vice Chairman of the Management Board
3	Andrei Alexandrovich Demin	Vice Chairman of the Management Board
4	Alexandr Ivanovich Kazakov	Vice Chairman of the Management Board
5	Mikhail Yurievich Tuzov	Vice Chairman of the Management Board
6	Viktor Alexeyevich Vasilyev	Vice Chairman of the Management Board
7	Alexei Viktorovich	Engineering and Construction Management Director, Director of

	Maslov	Engineering and Construction Management Centre
--	--------	--

The following persons are members of the Supervisory Board of the Company:

No.	Name	Title
1	Sergey Borisovich Sidorov	Director of the Internal Audit Department of the Clearing Centre (CC) of JSC RAO UES of Russia
2	Vladimir Vladimirovich Chernyshev	Advisor of the Office of Business Property of the Federal Agency for Federal Property Management
3	Andrei Vladimirovich Gabov	Director of Corporate Management and Interaction with Shareholders of the CC of JSC RAO UES of Russia
4	Anatoly Valerievich Baitov	Director of the Financial Control and Internal Audit Directorate of the Company
5	Marina Alexeyevna Lelekova	Vice Director of the Financial Control and Internal Audit Directorate of the Company

Pursuant to Federal Natural Monopoly Law No. 147-FZ dated 17 August 1995, the Federal Energy Commission of the Russian Federation, by its Resolution No. 49-e/1, included the Company in section 1 *Services in Connection with Transmission of Electric and/or Thermal Energy* of the Register of Natural Monopolies in the fuel and energy industry, which are subject to state regulation and control under registered number 47.1.110.

An ordinary meeting of the Board of Directors of JSC UES FGC was held on 13 November 2007 by absentee voting. The Board of Directors resolved to establish wholly owned subsidiaries JSC Specialised Electric Grid Service Company of the UNPG (UNPG Electrosetsevice), JSC Main Electric Grid Service Company of the UNPG (UNPG Glavsetsevice) and JSC Engineering and Construction Management Centre of the UNPG (UNPG ECMC). The Board of Directors agreed upon the Articles of Association of the new subsidiaries and the membership of the managerial bodies of the newly established subsidiaries and affiliates.

Joint Stock Companies UNPG Glavsetsevice and UNPG Electrosetsevice are established as a part of reforming the maintenance and repair system of FGS on the basis of Transmission Network Maintenance and Repair (TNMR) branch of the Company and Electrosetsevice, a subsidiary of FGS. JSC UNPG Electrosetsevice will specialise in sophisticated accident recovery work and repair as well as in equipment diagnosis requiring special experience and skills of the staff.

The need for establishing UNPG ECMC was caused by an increase in the middle-term investment programme of FGC and, therefore, the necessity of a quite new approach to implementation of investment projects. The Company will act as the construction customer responsible for facility interface support of construction of electrical grid facilities.

The conversion of branches into companies, which are market-oriented and attractive for investors, will separate competing and monopoly operations, create for FGC a competitive environment in the maintenance and repair services, increase efficiency of the main business of the power company through more efficient utilisation of funds for repair and technical upgrade, engineering, construction and operating cost reduction. The separated companies will be able to increase the amount of work in the foreign market, expand the range and geography of their services.

Conversion of a part of assets into an independent legal entity and vesting such entity with a limited number of functions will increase its productivity and make it possible to analyse efficiency of its operations and prospects of further development of the Company. Finally, the increased profitability of certain assets of the Company will increase its capitalisation and shareholder benefit.

II. Accounting Policy

Accounts of the Company are prepared on the basis of the following accounting policy:

1. Basis of Preparation

The accounts of the Company are generated on the basis of the accounting and reporting principles applicable in the Russian Federation, in particular Federal Accounting Law No. 129-FZ dated 21.11.1996, Accounting Regulations “Accounting Policy of Organisation”, PBU 1/98, approved by order No. 60n of the Ministry of Finance of the Russian Federation dated 09.12.1998, Accounting and Reporting Regulations of the Russian Federation approved by order No. 34n of the Ministry of Finance dated 29.07.1998, Accounting Regulations “Accounts of Organisation”, PBU 4/99 approved by order No. 43n of the Ministry of Finance dated 06.07.1999.

2. Assets and Liability in Foreign Currencies

In accounting of economic operations in foreign currencies, the official rate of the respective currency to the rouble applicable as of the date of transaction applied. Money on currency accounts with banks and accounts receivable are recorded in accounts as an amount calculated on the basis of official exchange rates applicable as of 31 December 2007. The exchange rate as of that date amounted to 24.5462 roubles for 1 US dollar (26.3311 roubles on 31 December 2006) and 35.9332 roubles for 1 Euro (34.6965 roubles on 31 December 2006).

Exchange rate differences arising during the year in operations with assets and liabilities in foreign currencies and in conversion thereof as of the reporting date are classified in financial results as other income and expenditure.

3. Long-Term and Short-Term Assets and Liabilities

In the balance sheet, financial investments, accounts receivable and accounts payable, including credit and loan indebtedness, are classified as short-term unless their maturity exceeds 12 months. The other types of the aforesaid assets and liabilities are presented as long-term.

4. Capital Assets

Capital assets include any facilities used by the Company for manufacture, work or services or for managements of the organisation with a depreciation range exceeding 12 months.

Accounting shows capital assets at the original (present) value less depreciation accrued during operation thereof.

Capital assets of less than 10,000 roubles per unit are written down as expenses by accruing depreciation at their original value, as they are released for manufacture or operation. Such procedure constitutes a departure from the general rules, but secures reliable recording of assets in the accounting of the Company and full control over the presence and movement of non-capitalised assets of the Company.

No books, brochures or other printed matter acquired shall be deemed capital assets on recording. The cost of acquisition thereof shall be deemed the expense of the reporting period, in which it was incurred. The Company shall have no library stock.

Capital assets are depreciated using the linear method based on the useful life. When determining the useful life of capital assets, the Company uses the classification of assets included in amortisation groups approved by resolution No. 1 of the Russian Federation Government *On Classification of Capital Assets Included in Amortisation Groups* dated 01.01.2002.

In the absence of certain capital assets in the Classification, their useful life for the purpose of accounting shall be determined on the basis of expert valuations of technical experts of the Company in accordance with the specifications as follows:

- based on the expected useful life of the asset in accordance with its expected productivity and capacity;
- based on the expected wear and tear depending on the operating conditions, natural conditions and effect of aggressive environment and maintenance system;
- legal and other restrictions of using the assets.

When acquiring any used capital assets, their useful life is determined as follows:

- based on the useful life determined as specified above less the number of months of use of such assets by the previous owner;

- if it is impossible to determine the period of useful life using the aforesaid method, the commission determines the useful life of such capital assets at its own discretion subject to safety regulations and other factors.

Capital assets, which are subject to state registration under the laws of the Russian Federation, are classified as capital assets and included in the appropriate amortisation group from the time of documentary evidence of submission of documents for registration of the said rights.

Completed immovable properties, which are actually operated, but for which no documents are submitted for state registration, are subject to depreciation. Depreciation accrues on such properties as provided for depreciation accrual on capital assets. When accepting such properties for accounting as capital assets after state registration, the previously accrued depreciation is to be adjusted.

The Company shall reevaluate its capital assets on the annual basis. Such revaluation is made in accordance with order documents by capital asset blocks on the basis of the current value by way of direct revaluation in accordance with documentary evidence of market prices. Today, the following groups of capital assets are revaluated: manufacturing buildings and structures, including substation buildings, power transmission lines and high-voltage equipment of substations.

The value of capital assets, at which they are accepted for accounting, is not subject to any change except for any cases of completion, adding of equipment, reconstruction, modernisation, technical upgrade, partial liquidation and for other similar reasons.

Completion, adding of equipment and modernisation include any work associated with altering the technical or operational use of any equipment, building, structure or any other depreciated capital assets, high loads and/or other new features.

Reconstruction includes rearrangement of existing capital assets associated with improvement of manufacture, its technical and economic performance carried out under the project of capital assets reconstruction for the purpose of expanding production facilities, quality improvement and modifying the product range.

Technical upgrade includes a group of actions aimed at improvement of technical and economic performance of capital assets or any part thereof on the basis of implementation of advanced equipment and technologies, mechanisation and automation of production, modernisation and replacement of morally obsolete and worn equipment with newer and more effective equipment.

Income and expenses caused by disposal of capital assets are recorded in the profit and loss account as "other income and expenditure".

Costs of maintenance and repair of capital assets are classified as cost of ordinary activities during the reporting period, in which they were incurred.

5. Intangible Assets

Intangible assets are depreciated using the linear method on the basis of the fixed useful life of the intangible assets.

Depreciation of intangible assets is recorded in accounting by way of accumulation on a separate account.

6. Research and Development (R&D)

Research and development costs are written off uniformly using the linear method within the approved writing-off period. The Company determines the period of writing-off of research and development costs on the basis of the expected period of use of the results of such research and development, during which period the organisation may gain economic benefits, but anyway within 5 years. Any R&D, for which positive results are obtained, and the writing-off period of which exceeds one year, are recorded in the "Non-Current Assets" section of the balance sheet. If the cost of R&D gives no positive result, such costs are treated as other costs of the reporting period.

7. Inventory

Inventory is recorded at the actual cost of acquisition (provision) thereof.

Inventory is recorded using accounts 15, "Provision and Acquisition of Inventories", and 16, "Deviation in the Value of Inventories".

Any goods acquired for sale are valued at the cost of actual acquisition thereof.

When delivering any inventory and goods for production or in the event of other retirement thereof, they are valued within a department with separate balance sheet using the average cost method of "rolling valuation".

Special clothes, special tools, special devices and special equipment are classified as inventory irrespective of their useful life.

The value of any special clothes with a useful life not exceeding 12 months as per the issue standards is fully written off as expenses at the time of delivery to employees of the Company.

The value of any special clothes with a useful life exceeding 12 months is discharged using the linear method starting from the month following the month of issue based on the useful life of the special clothes provided for by the standard industry regulations of free issue of special clothes, special shoes and other personal protective equipment, Regulations on providing employees with special clothes, special shoes and other personal protective equipment approved by Resolution No. 51 of the Russian Federation Ministry of Labour and Social Development dated 18 December 1998 and internal regulations of the Company.

Every piece of special clothing used, the useful life of which exceeds 12 months, forms an individual unit of accounting.

8. Financial Investment Accounting

Financial investments are entered in accounting records at cost.

Financial investments, for which the fair market value is not determined, are to be reflected in accounting and accounts as of the reporting date at cost. The Company conducts impairment testing of such financial investments once a year, as of 31 December of the fiscal year in accordance with the methodology approved by the Company. In the event of a sustainable reduction of the value of such financial investments, the Company establishes a provision for the difference between their book and estimated or assessed value. The provision for impairment of financial investments is established using financial results as "other expenses". Accounts show the cost of financial investments, the market value of which is not determined and for which the provision for impairment is established, at the book value less the amount of provision so established.

On retirement of assets entered in accounting records as financial investments, for which the fair market value is not determined, their value is determined at cost of each accounting unit of financial investments.

Income and expenditure arising out of financial investments are recorded as other income and expenditure.

9. Deferred Expenses

Expenses incurred by the organisation during the period under review, but not related to the subsequent reporting periods are recorded in the balance sheet as a separate account of deferred expenses to be written off as provided for by the organisation (uniformly, in proportion with the amount of products, etc.) within the period, to which they relate. The write-off period is determined on the basis of the period, within which economic benefits (income) are expected.

10. Trade Receivables

Trade receivables are determined on the basis of prices under the contract between the Company and purchasers (customers) with regard for all discounts (mark-ups) granted by the Company and VAT.

For reliable recording of current accounts receivable, the Company establishes a provision for doubtful debts.

The amount of provision for doubtful debts is determined on the basis of receivables stocktaking conducted on the last day of the quarter depending on the date of such receivables. The cost of establishing such provision is classified as other expenses.

11. Authorised, Additional and Reserve Capital

The authorised capital of the Company is recorded as the par value of ordinary shares. The Company has allocated three hundred sixty-one billion three hundred eighty-two million two hundred seven thousand nine hundred and twenty (361,382,207,920) ordinary uncertificated shares with a par value of fifty (50) kopecks each to the total amount of one hundred eighty billion six hundred ninety-one million one hundred three thousand nine hundred and sixty (180,691,103,960) roubles.

In accordance with the legislation, the Company establishes a reserve fund of five (5) per cent of the Authorised Capital of the Company. The amount of statutory annual deductions to the reserve fund of the Company shall be at least five (5) per cent of the net profit of the Company until the Reserve Fund achieves the statutory amount.

12. Credits and Loans Raised

The Company translates the long-term debt into short-term debt arising out of credits and loans raised. The Company translates long-term debt arising out of credits and loans into short-term debt at the time when 365 days remain until repayment of the principal under the loan and/or credit agreement.

Any extra costs incurred by the Company in connection with credits and loans, issue and allocation of bonds are classified as other expenses of the reporting period, in which they were incurred.

When the Company raises any funds by way of bond issue, the issuer specifies the accounts payable with allowance for the interest payable on them at the end of the reporting period. The amount of interest payable is recorded as other expenses of the reporting periods, to which such accruals refer.

The Company classifies costs of raised loans and credits directly related to acquisition and/or construction of investment assets as the cost of such assets and discharges them by way of depreciation except where the accounting rules provide for no asset depreciation.

Costs associated with loans and credits in connection with forming investment assets, on which no depreciation accrues pursuant to accounting rules, are not included in the value of such assets, but classified as the current expenditure of the organisation.

13. Income and Expenditure of the Organisation

Revenue from sale of goods, products, works or services is recognised as the goods or products are sold, works are done or services are rendered. The revenue is recorded in accounting less the value-added tax, customs duties and discounts granted to purchasers.

Expenses of separate subdivisions on ordinary operations are treated as completely operating expenses without separating any management expenses.

The Company treats income and expenditure from property lease as property and expenses from ordinary business.

Income and expenditure associated with rendering any rights arising out of industrial patents, industrial samples and other types of intellectual property for consideration are classified as income and expenditure on ordinary business.

Administrative expenses of the Company during the period under review are reflected without distribution by types of operations.

14. Modifications of the Accounting Policy of the Company

2007 witnessed modifications of the accounting policy of the Company having a clarifying nature in connection with the transition to accounting using SAP R/3 information system involving no modifications of the accounts.

In accounts for 2007, modifications apply as introduced in PBU 3/2006 “Accounting of Assets and Liabilities, the Value of which Is Expressed in a Foreign Currency”. Modification of accounting rules affected assessment of certain accounts of financial statements of the Company. The modifications are disclosed in par. 1 of Section III “Disclosure of Material Figures”.

Since 01.01.2008, the method of valuation of retiring financial investments, for which no fair market value is determined, but the value of which is determined at cost of the earliest financial investments (first-in-first-out method), has changed. Previously, such financial investments were valued on retirement at cost of each accounting unit of financial investments. Such modifications are caused by transfer of financial investments of RAO UES of Russia to the balance sheet of the Company in the course of reorganisation thus increasing the number of operations in connection with retirement of financial investments. Such operations have had a non-recurring nature until recently.

Since 01.01.2008, the value of capital assets written off to expenditure on a non-recurring basis by way of accruing depreciation at cost has increased from 10,000 to 20,000 roubles. The capital assets commissioned prior to 31.12.2007 with the initial unit value within 10,000 to 20,000 roubles are written off to production (sale) costs by way of straight-line depreciation within their remaining useful life. That modification was introduced for the purpose of convergence of accounting and tax accounting.

Since 01.01.2008, the new version of accounting rules (PBU) 14/2007 applies. None of the modifications introduced into PBU 14/2007 will affect the valuation of accounting of the Company.

III. Disclosure of Material Figures

1. Accounting for 2006 and 2007

The explanatory note shows the figures as of 31.12.2006 with allowance for adjustments disclosed below.

In the accounts for 2007, some figures as of the beginning of the year under review and, accordingly, the balance-sheet total do not correspond with the figures as of the end of the year in question in the accounts for 2007 for the following reasons:

In the Balance Sheet (Form No. 1):

- 1.1. line 120 "Capital Assets": as a result of the revaluation made as of 01.01.2007, the value of capital assets increased by 3,958,177 thousand roubles and the write-down on revaluation of previous years reduced by 1,348 thousand roubles. The total amount of changing the account was 3,959,525 (3,958,177 + 3,148) thousand roubles;
- 1.2. line 150 "Other Non-Current Assets" was increased and line 216 "Deferred Expenses" reduced by 897,362 thousand roubles as a result of reclassification of deferred expenses with a maturity exceeding 12 months from short-term to long-term assets;
- 1.3. line 240 "Accounts Receivable" (on which payments are expected within 12 months after the reporting date) was reduced by 30,660 thousand roubles due to modifications of PBU 3/2006 "Accounting of Assets and Liabilities, the Value of which Is Expressed in a Foreign Currency";
- 1.4. line 420 "Additional Capital": due to revaluation of capital assets, the data were changed by the amount of increase in the value of capital assets – 3,958,177 thousand roubles;
- 1.5. line 465 "Undistributed Profit of Past Years": the data were reduced by 44,183 thousand roubles due to modifications of PBU 3/2006 "Accounting of Assets and Liabilities, the Value of which Is Expressed in a Foreign Currency", increased by 1,348 thousand roubles due to the revaluation of capital assets and increased by 1,833,484 thousand roubles in connection with reformation of the balance sheet;
- 1.6. line 470 "Undistributed Profit of the Current Fiscal Year": due to reformation of the balance sheet, the amount of 1,833,484 thousand roubles was completely transmitted to line 465 "Undistributed Profit of Past Years";
- 1.7. line 620 "Accounts Payable" increased by 13,523 thousand roubles due to changes in PBU 3/2006 "Accounting of Assets and Liabilities, the Value of which Is Expressed in a Foreign Currency".

In the Profit and Loss Account (Form No. 2):

- 1.1 As a result of reclassification of expenditure among cost, administrative expenses and others, line 100 "Other Expenses" was reduced by 256,751 thousand roubles and lines 020 "Cost of Sold Goods, Products, Works and Services" and 040 "Administrative Expenses" were increased by 255,481 thousand roubles and 1,270 thousand roubles respectively.

In Statement of Changes in Equity (Form No. 3):

- 1.1. Line 200 "Net Assets" was increased by 3,959,525 thousand roubles because of an increase in the value of capital assets and reduced by 44,183 thousand roubles due to the modifications introduced into PBU 3/2006 "Accounting of Assets and Liabilities, the Value of which Is Expressed in a Foreign Currency". The total amount of changes was 3,915,342 thousand roubles.

2. Authorised Capital of the Company

As of 31 December 2007, the Authorised Capital of the Company was paid up in full.

A report on issue of shares in JSC UES FGC was registered on 25.03.2007. Actually, shares totalling 59,083,862 thousand roubles were allocated. After the additional share issue upon modification of the Articles of Association, the Authorised Capital of the Company was increased from 121,607,242 thousand roubles to 180,691,104 thousand roubles.

A securities issued was registered on 23.08.2007: one hundred twenty billion (120,000,000,000) shares in JSC UES FGC with a par value of fifty (50) kopecks each issued by private offering to JSC RAO UES of Russia and the Government represented by the Federal Agency for Federal Property Management. The offering price was fifty (59) kopecks for each ordinary registered share in the issue. As of 31.12.2007, 47,404,914 thousand roubles were received in payment for the shares (see par. 10).

The additional capital of the Company amounting to 16,994,046 thousand roubles as of the end of the period under review was formed due to increases in the value of capital assets (16,944,520 thousand roubles) and amount of value-added tax on capital assets accepted as a contribution to the Authorised Capital (49,526 thousand roubles). Capital assets were revaluated on the basis of the report of an independent assessor.

In 2007, the annual general meeting of shareholders dated 29.06.2007 approved distribution of profit of 2006 amounting to 1,883,484 thousand roubles by its resolution. The net profit of 2006 was used for payment of dividends of 587,848 thousand roubles for 2006 ended on 31.12.2006 and 1,245,636 thousand roubles to the reserve fund.

The net profit for 2007 will be distributed upon approval of accounts by the general meeting of shareholders.

3. Intangible Assets

Intangible assets as of 31.12.2007 include IPK KSUPR software system, the book value of which as of the end of the period under review amounts to 200,791 thousand roubles, and IMP KSUPR database, the book value of which as of the end of the period under review amounts to 472,565 thousand roubles.

During the year under review, Automated Information and Measuring System of Electric Power Accounting (AIIS KUE), the book value of which as of 31.12.2007 amounted to 155,158 thousand roubles, and Automated System of Managerial Documentary Workflow (ASUD), the book value of which as of 31.12.2007 amounted to 22,328 thousand roubles, were recorded as intangible assets.

4. Capital Assets

Capital assets include land plots, buildings, machinery, equipment, vehicles and other appropriate facilities with a useful life exceeding 12 months.

As of 1 January 2007, the Company revaluated the following groups of capital assets at their current value: manufacturing buildings and structures, including buildings of substations, power lines and high-voltage equipment of substations. Amounts of increase in the original value of the aforesaid facilities and accrued depreciation are classified as additional capital and undistributed profit totalling 3,959,525 thousand roubles. Capital assets are recorded in the balance-sheet at cost.

2006 saw revaluation of the same groups of capital assets. The amount of revaluation was 3,833,030 thousand roubles in 2006.

Income and expenditure caused by retirement of capital assets are recorded in the profit and loss account as other income and expenditure.

5. Construction in Progress

Investments in non-current assets (line 132 F No. 1 of the balance sheet) include the cost of acquisition and construction of capital assets (61,454,121 thousand roubles as of 31.12.2007 and 38,048,842 thousand roubles as of 31.12.2006), intangible assets (2,191,659 thousand roubles as of 31.12.2007 and 595,813 thousand roubles as of 31.12.2006) as well as the cost of R&D in pro-

gress (188,493 thousand roubles as of 31.12.2007 and 188,264 thousand roubles as of 31.12.2006).

Construction in progress and capital assets not commissioned as of the end of the period under review are recorded in the following main subdivisions of the Company:

Subsidiary	Construction in progress and capital assets not commissioned as of 31.12.2007, roubles in thousand	Construction in progress and capital assets not commissioned as of 31.12.2006, roubles in thousand
Executive Office	464,014	309,971
Centre Intersystem Power Grid (IPG)	22,473,711	8,642,804
Northwest IPG	10,846,155	8,203,420
Volga IPG	1,741,526	1,366,669
South IPG	4,947,368	3,800,120
Ural IPG	4,941,276	3,536,798
Western Siberia IPG	3,422,642	589,407
Siberia IPG	8,747,819	6,829,412
East IPG	3,286,857	4,447,532
Electrosetservice	495,295	296,566
IPG TNMR	87,458	26,143
Total	61,454,121	38,048,842

6. Taxes

The long-term part of the value-added tax group amounts to 247,060 thousand roubles and constitutes VAT on construction and assembly, design and exploration work until 2005, which will be refunded from the state budget at the time of commissioning of construction in progress.

According to fiscal accounting generated in accordance with requirements of chapter 25 *Tax on Profit of Organisations* of the Russian Federation Tax Code, the taxable profit amounted to 5,032,129 thousand roubles in 2007. In 2006, the foregoing figure amounted to 6,091,446 thousand roubles.

The profit before tax for the purpose of financial records (accounting) is correlated with the contingent gain on the income tax as follows:

Parameter	2007, roubles in thousand	2006, roubles in thousand
Imputed income	3,899,726	3,553,108
Contingent expenditure on the income tax at a rate of 24 %	935,934	852,746
Standing tax obligation (asset)	671,864	862,228
Deferred tax asset	3,271	(15,279)
Deferred tax liability	(403,358)	(237,748)
Current income tax	1,207,711	1,461,947

The difference between the book value of assets and liabilities for the purpose of financial records (accounting) on the one hand and for the purpose of income tax on the other hand causes appearance of temporary differences. Assets and liabilities arising out of deferred income tax are determined at the rate of 24 %, which will apply at the time of disposal of the asset or repayment of debt.

Line 145 "Deferred Tax Assets" of the balance sheet shows the balanced (surrogated) amount of the deferred tax asset and deferred tax liability.

Parameter	2007, roubles in thousand	2006, roubles in thousand
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Deferred tax asset	671,892	668,621
Deferred tax liability	(673,466)	(270,109)
Total for line 145, F. 1 (page 515)	(1,574)	398,512

7. Cost of R&D

In 2007, costs of R&D used in the current operations were written off to an amount of 100,569 thousand roubles. Out of the total amount of R&D in progress being 188,494 thousand roubles, R&Ds amounting to 184,993 thousand roubles remain unfinished since previous reporting periods.

8. Financial Investments

Financial investments were valued at cost of each accounting unit on their write-off in 2007. The Company has no financial investments having a fair market value.

As of 31.12.2007, a reserve was arranged for depreciation of shares in JSC Nurenergo with respect to which a sustainable depreciation was noted. In 2007, the financial condition of JSC Nurenergo worsened, the period under review ended at loss and the net asset value is negative. The entire amount of investments in JSC Nurenergo was used for generating a reserve of 1,972,781 thousand roubles.

A provision for depreciation of financial investments was also accrued on a loan of 501,300 thousand roubles granted to JSC Nurenergo, as the loan is overdue as of the reporting date and there are no agreements on renewal of the contract. No reserves were established for any other financial investments.

This year, no amounts for creation of any provision for depreciation of financial investments were classified as expenses.

Long-Term Financial Investments of the Company

Name and form of incorporation	Ownership ratio	Location	Activity	Amount (including reserve) as of 31.12.2007, roubles in thousand	Amount (including reserve) as of 31.12.2006, roubles in thousand
JSC Nurenergo	77.00 %	Grozny	Electric power production	-	-
JSC MUS Energetiki	100.00 %	Moscow	Communication services	19,997	19,997
JSC Archangelsk Backbone grid company	49.00 %	Archangelsk	Electric power transmission services	438,463	438,463
JSC Astrakhan Backbone grids	48.66 %	Astrakhan	Electric power transmission services	338,693	338,693
JSC Belgorod Backbone grid company	49.00 %	Belgorod	Electric power transmission services	47,049	47,049
JSC Bryansk Backbone grid company	49.00 %	Bryansk	Electric power transmission services	202,194	202,194
JSC Buryatskie Backbone grids	46.797 %	Ulan-Ude	Electric power transmission services	570,397	-
JSC Vladimir Backbone grids	49.00 %	Vladimir	Electric power transmission services	389,551	389,551
JSC Volgograd Backbone grids	48.99 %	Volgograd	Electric power transmission services	583,054	583,054
JSC Vologda Backbone	49.00 %	Vologda	Electric power	395,920	395,920

grids			transmission services		
JSC Voronezh Backbone grid company	49.01 %	Voronezh	Electric power transmission services	176,730	176,730
JSC Dagestanskije Backbone grids	51.00 %	Makhachkala	Electric power transmission services	290,701	290,701
JSC Ivanovo Backbone grids	49.66 %	Ivanovo	Electric power transmission services	109,881	109,881
JSC Kaluga Backbone grid company	52.25 %	Kaluga	Electric power transmission services	161,456	161,456
JSC Karelian Backbone grids	100 %	Petrozavodsk	Electric power transmission services	696,000	696,000
JSC Kirov Backbone grids	48.17 %	Kirov	Electric power transmission services	193,093	193,093
JSC Kolskie Backbone grids	49.021 %	Murmansk Region	Electric power transmission services	533,744	533,744
JSC Kostroma Backbone grids	49.00 %	Kostroma	Electric power transmission services	167,679	167,679
JSC Krasnoyarsk Backbone grids	51.75 %	Krasnoyarsk	Electric power transmission services	1,256,519	1,256,519
JSC Kubanskije Backbone grids	49.00 %	Krasnodar	Electric power transmission services	134,139	-
JSC Kurgan Backbone grid company	49.000 %	Kurgan	Electric power transmission services	201,340	-
JSC Kursk Backbone grids	49.00 %	Kursk	Electric power transmission services	286,487	286,487
JSC Lipetsk Backbone grids	49.02 %	Lipetsk	Electric power transmission services	385,766	385,766
JSC Rostovenergo Backbone grid company	48.43 %	Rostov on Don	Electric power transmission services	402,671	402,671
JSC Kuzbasenergo Backbone grids	49.00 %	Kemerovo	Electric power transmission services	1,277,009	-
JSC Backbone grids of the Komi Republic	50.11 %	Syktvykar	Electric power transmission services	685,076	-
JSC Backbone grid company (Mosenergo)	50.90 %	Moscow	Electric power transmission services	1,519,907	1,519,907
JSC Mari Backbone grids	64.44 %	Republic of Mariy El	Electric power transmission services	151,810	151,810
JSC Mordovskije Backbone grid company	53.14 %	Republic of Mordovia	Electric power transmission services	151,717	151,717
JSC Nizhniy Novgorod Backbone grid company	49.00 %	Nizhniy Novgorod	Electric power transmission services	894,149	894,149
JSC Omsk Backbone grid	49.00 %	Omsk	Electric power	229,534	229,534

company			transmission services		
JSC Orenburg Backbone grids	100.00 %	Orenburg	Electric power transmission services	1,584,500	1,584,500
JSC Orel Backbone grid company	49.00 %	Orel	Electric power transmission services	132,935	132,935
JSC Penza Backbone grid company	49.00 %	Penza Region	Electric power transmission services	103,792	103,792
JSC Perm Backbone grid company	49.00 %	Perm	Electric power transmission services	487,049	487,049
JSC Ryazan Backbone grids	49.00 %	Ryazan	Electric power transmission services	290,569	290,569
JSC Samara Backbone grid company	55.03 %	Samara	Electric power transmission services	992,701	-
JSC Saratov Backbone grid company	53.13 %	Saratov	Electric power transmission services	604,059	-
JSC Sverdlovsk Backbone grids	49.00 %	Yekaterinburg	Electric power transmission services	912,978	912,978
JSC Smolensk Backbone grids	48.68 %	Yartsevo, Smolensk Region	Electric power transmission services	193,245	193,245
JSC Tambov Backbone grid company	49.01 %	Tambov	Electric power transmission services	191,202	191,202
JSC Tver Backbone grids	49.00 %	Tver	Electric power transmission services	134,144	134,144
JSC Tomsk Backbone grids	52.03 %	Tomsk	Electric power transmission services	866,424	866,424
JSC Tula Backbone grid company	49.00 %	Tula	Electric power transmission services	283,709	283,709
JSC Tyumen Backbone grid company	100.00 %	Tyumen	Electric power transmission services	11,264,000	11,264,000
JSC Udmurtskie Backbone grids	49.00 %	Izhevsk	Electric power transmission services	219,942	219,942
JSC Hakasskaya Backbone grid company	100.00 %	Sayanogorsk	Electric power transmission services	502,999	502,999
JSC Chelyabinsk Backbone grids	49.00 %	Chelyabinsk	Electric power transmission services	429,492	429,492
JSC Chita Backbone grids	49.00 %	Chita	Electric power transmission services	1,052,495	-
JSC Chuvashskie Backbone grids	100.00 %	Chuvash Republic	Electric power transmission services	344,500	344,500
JSC Yaroslavl Backbone grids	47.36 %	Yaroslavl	Electric power transmission services	403,933	403,933
JSC Petersburg Backbone	49.00 %	Saint Petersburg	Electric power	1,415,907	1,415,907

grids		burg	transmission services		
JSC UC Energetiki	50.00 %	Moscow	Electronic and digital technologies	27,536	27,536
JSC Sangtudinskaya Hydroelectric Station 1	21.16 %	Republic of Tajikistan	Electric power production	3,030,571	3,030,571
GruzRosEnergo	50.00 %	Republic of Georgia		763,227	-
JSC NTC Electroenergetiki	100.00 %	Moscow	Research	3,002,320	-
JSC Energostroysnabcomplex of UES	99.993 %	Moscow		206,251	-
Investments in other organisations				158	158
Notes				35,000	35,000
Loans granted				296,462	117,082
All long-term financial investments				42,662,825	32,994,433

It is planned to take over Backbone grid companies in the course of electric power industry reform in 2008. See par. 18 “Post Balance Sheet Events” of Section III for details.

Short-term financial investments include:

- deposit of the Savings Bank amounting to 3,000,000 thousand roubles,
- loan issued by JSC Kuban Backbone grids amounting to 887,671 thousand roubles,
- short-term loans granted to MMSK (42,749 thousand roubles as of 31.12.2007 and 41,420 thousand roubles as of 31.12.2006).

9. (Short-Term) Accounts Receivable

Accounts receivable from purchasers and customers in line 241 is recorded with allowance for the provision for doubtful debts, which amounted to 883,464 thousand roubles as of 31.12.2007 and 612,996 roubles as of 31.12.2006.

The sum of prepaid expenses (line 243 F. No. 1 of the balance sheet) includes advances paid to construction organisations (15,017,340 thousand roubles as of 31.12.2007 and 7,613,753 thousand roubles as of 31.12.2006) and advances paid to service providers (3,092,411 thousand roubles as of 31.12.2007 and 3,516,626 thousand roubles as of 31.12.2006). The following large advances are recorded as advances paid to service providers:

- to JSC Svyazstroy for establishment of a departmental digital mobile network for electric power industry of the Mid-Volga Region (1,630,372 thousand roubles as of 31.12.2007 and 1,616,337 thousand roubles as of 31.12.2006);
- to LLC SAP CIS and Baltic countries for implementation of SAP R/3 information system under ASU TPR and ASU TOiR projects (481,215 thousand roubles as of 31.12.2007 and 223,587 thousand roubles as of 31.12.2006).

The amount of accounts receivable (line 244 of the balance sheet) includes the indebtedness of subsidiaries – JSC Nurenergo, JSC MUS Energetiki and Backbone grid companies (9,059,366 thousand roubles as of 31.12.2007 and 3,179,874 thousand roubles as of 31.12.2006) and overpayment to the budget and extra-budgetary funds (4,742,759 thousand roubles as of 31.12.2007 and 2,950,426 thousand roubles as of 31.12.2006). The short-term accounts receivable also include the amount of non-interest-bearing notes of JSC Altayenergo of 2,247,184 thousand roubles, which were transferred as payment for property of ENES received from JSC Altayenergo under the purchase and sale agreement in February 2008, 229,102 thousand roubles under non-interest-bearing notes of JSC Tyvaenergo, which will be transferred to JSC Tyvaenergo in the first half of 2008 as payment for shares in JSC Tuvin Backbone grid company and non-interest-bearing notes of JSC Moscow Unites Electric Grid Company amounting to 258,153 thousand roubles payable at sight and the Company management did not discuss the terms of note presentment.

The long-term accounts receivable include the amount of non-interest-bearing note of JSC JSCB Rosbank of 483,485 thousand roubles with maturity in 2015. The remaining amount is the security paid to counterparties under premises lease agreements.

10. Loans and Credit Obtained

See the table below for information on bond issues as of the reporting date:

Series	02	03	04	05
Issued amount, roubles in thousand	7,000,000	7,000,000	6,000,000	5,000,000
Number of bonds	7 million	7 million	6 million	5 million
Par value, roubles	1,000	1,000	1,000	1,000
Rate	8.25 %	7.10 %	7.30 %	7.20 %
Effective date	28.06.2005	16.12.2005	12.10.2006	05.12.2006
Date of state registration of issue report	23.08.2005	24.01.2006	08.11.2006	26.12.2006
Maturity	1,820 days	1,092 days	1,820 days	1,092 days
Amount of payments on coupon yield, roubles in thousand	287,980	247,800	218,400	179,500
Coupon yield on each bond	41.14	35.40	36.40	35.90
Interest accrued in 2007, roubles in thousand	577,542	496,962	438,000	359,986

In 2007, bonds of issue 01 amounting to 5,000,000 thousand roubles were redeemed. Bonds of issue 02 will mature in December 2008. The accounts classify the value of the foregoing bonds amounting to 7,000,000 thousand roubles as short-term loans, while the other Bond Issues are recorded as long-term loans. Long-term credits include the credit of 5,000,000 thousand roubles obtained from the European Bank for Reconstruction and Development. The loan was granted for modernisation and reconstruction of large high-voltage electric substations Tsentralnaya and Arzamasskaya.

The whole sum of all costs of loans and credits in 2007 was classified as other expenses and it amounted to 2,692,245 thousand roubles.

11. Accounts Payable

Accounts payable to suppliers and contractors include a debt owing to construction organisations (1,551,271 thousand roubles as of 31.12.2007 and 1,102,067 thousand roubles as of 31.12.2006) and service providers (6,751,961 thousand roubles as of 31.12.2007 and 2,926,991 thousand roubles as of 31.12.2006). Merchandise creditors include:

- the debt owing to JSC MMSK Centre for lease of electrical grid facilities (494,804 thousand roubles as of 31.12.2007 and 1,065,390 thousand roubles as of 31.12.2006);
- the debt owing to LLC SAP CIS and Baltic Countries in implementation of SAP R/3 system under projects of ASU TPR Extension and ASU Subsidiary Salaries for the exclusive right to use the SAP software product (919,527 thousand roubles as of 31.12.2007 and 682,665 thousand roubles as of 31.12.2006);
- the debts owing to CJSC Financial Settlement Centre in connection with procurement of standard electric power losses (195,070 thousand roubles as of 31.12.2007 and 197,088 thousand roubles as of 31.12.2006).

Advances from Customers include the sum of advances from customers for electric power transmission (2,876,529 thousand roubles as of 31.12.2007 and 762,587 thousand roubles as of 31.12.2006).

The other accounts payable include the amount of payment for the additional share issue (47,404,914 thousand roubles as of 31.12.2007 and 34,337,928 thousand roubles as of 31.12.2006), debt owing to subsidiaries and affiliates (474,080 thousand roubles as of 31.12.2007 and 336,829 thousand roubles as of 31.12.2006).

12. Deferred Expenses

The short-term deferred expenses as of the end of the year under review include the cost of insurance (191,473 thousand roubles as of 31.12.2007 and 28,677 thousand roubles as of 31.12.2006), software (70,513 thousand roubles as of 31.12.2007 and 53,623 thousand roubles as of 31.12.2006), deferred leave expenses (14,563 thousand roubles as of 31.12.2007 and 11,412 thousand roubles as of 31.12.2006) and other deferred expenses (8,668 thousand roubles as of 31.12.2007 and 8,247 thousand roubles as of 31.12.2006). The long-term part of deferred expenses, including all costs of software, is recorded in line 150 "Other Non-Current Assets" of the balance sheet. It amounts to 1,489,158 thousand roubles as of 31.12.2007 and 897,362 thousand roubles as of 31.12.2006.

The maturity of the cost of insurance is determined in the insurance contract and does not exceed one year as usual. Amortisation of the cost of software is within five years.

The change of balance in line 216 of the Balance Sheet is recorded in line 766 of Form No. 5.

13. Income and Expenditure

The other income of 2007 includes:

Income type	Amount, roubles in thousand
Income from reinstatement of the provision for doubtful debts	532,919
Income from sale of inventory items	194,127
Foreign exchange gains	85,012
Emergency incomes from events insured	81,325
Materials entered in the books as a result of amortisation of capital assets and construction in progress	66,363
Income in the form of value of inventory and other property surplus	51,899
Fines and penalties acknowledged	21,509
Income from sale of capital assets	16,361
Income from retirement of financial investments	5,746
Refunded legal fees and charges	1,166
Income of prior years	3,596
Other income	3,624
Total	1,063,647

The other expenditure of 2007 includes:

Expenditure type	Amount, roubles in thousand
Provision for doubtful debts	803,387
Amortised book value of capital assets	506,175
Property tax	339,464
Cost of inventory sale	153,688
Extraordinary expenditure in events insured	103,447
Social payments	68,956
Bank services	50,191
Cost of corporate events	47,422
Foreign exchange losses	38,026
Undistributed deficit of prior years	31,936
Other taxes and charges	30,583
Inventory amortisation cost	27,875
Cost of securities servicing	21,072
Compensation of employees	18,089
Price-to-book value of capital assets sold	17,681
Cost of cultural events, hotel vouchers and social expenses	15,705
Non-refundable VAT	13,964
Cost of retirement of financial investments	5,746

Donated properties	2,896
Membership fees	2,803
Legal fees	2,738
Charity expenses	2,474
Fines and penalties acknowledged	1,289
Miscellaneous	63,707
Total	2,369,314

For line 760 of form No. 5, expenditure recorded in line 020 of form No. 2 are broken down by cost components.

14. Liabilities Received and Given

Line 960 of the balance sheet “Liabilities Given” as of the end of the year under review shows liabilities given by the Company to JSC Gazprombank as a security of 386,609 thousand roubles under a loan agreement for JSC Kubanenergo. The maturity date of the security is 20.11.2008. The remaining sum of liabilities is given under loan agreements of the equipment supplier.

Line 950 “Liabilities Received” shows obligations under the property pledge agreement with JSC Kuban Backbone grids amounting to 1,003,247 thousand roubles against cash loan issued. The remaining sum of liabilities received constitutes bank guarantees issued to the Company for companies participating in tenders for entering into equipment supply contracts and construction contracts for electric power industry facilities.

15. Earnings per Share

The basic earnings per share reflect the part of the reporting period earnings, which may potentially be distributed among ordinary shareholders. It is calculated as a ratio between the basic earnings of the year under review and the weighted average of ordinary shares outstanding during the year under review.

The Authorised Capital was increased during the year. The weighted average number of ordinary shares outstanding amounts to 312,145,656,103 shares.

Parameter	2007
Basic earnings of the year under review, roubles	2,296,167,365
Weighted average number of ordinary shares outstanding during the year under review, shares	312,145,656,103
Basic earnings per share, roubles	0.0073

The Company has no convertible securities or agreements of purchase and sale of ordinary shares from the issuer at a price lower than their market value. Therefore, the diluted earnings per share are equal to the basic earnings per share.

16. Affiliates

The Company is a member of a group of interrelated organisations generating and selling electric and thermal power in the Russian Federation (hereinafter referred to as the “Group”). The parent organisation of the Group is JSC RAO UES of Russia. See the website of JSC RAO UES of Russia www.rao-ees.ru for the list of the Group companies. See the website of the Company www.fsk-ees.ru for the list of affiliates of the Company. The lists of members of the Board of Directors of the Company and Management Board of the Company are set forth in section 1 of this Explanatory Note.

The aggregate cost of electric power transmission services rendered by the Company to its affiliates in 2007 amounted to 58,082,696 thousand roubles or 97.6 % of the aggregate volume of such services. The foregoing value amounted in 2006 to 51,652,718 thousand roubles and 98 % of all electric power transmission services. The indebtedness of affiliates for the services rendered amounts to 2,214,803 thousand roubles as of the end of the period under review. A provision for

doubtful debts of 802,010 thousand roubles was accrued on such indebtedness (2,156,124 thousand roubles with the provision of 544,823 thousand roubles as of the end of 2006). Pursuant to Resolution No. 49-e/2 of the RF Federal Energy Commission dated 25.06.2003 *Registration of JSC UES FGC as a Business Entity Operating in the Federal (Russian National) Wholesale Market of Electric Power, for which the Electric Power Tariffs (Amount of Payment for Services) Are Established by the Federal Energy Commission of the Russian Federation, and Approval of the Fee of JSC UES FGC for Electric Power Transmission Services through the Unified National Electric Grid* and order No. 285-e/4 of the Federal Tariff Service dated 17.11.2006 *Approval of Tariffs for Electric Power Transmission through the Unified National Electric Grid Carried out by JSC Federal Grid Company of the Unified National Energy System*, the electric power transmission tariff was approved. During the year under review, services were rendered in accordance with the fixed tariffs.

Major supplies of equipment and inventory for electrical grid facilities under construction were made to JSC Energostroysnabcomplect of UES, a company of the Group. The volume of delivery was 751,291 thousand roubles in 2007 (713,889 thousand roubles in 2006). JSC Energostroysnabcomplect of UES also organised competition procedures during 2007. The services were rendered to an amount of 12,976 thousand roubles. The balance in settlements with the aforesaid organisation on the aforesaid operations amounted to 100,696 thousand roubles as of 31.12.2007 (21,193 thousand roubles as of 31.12.2007). The services were rendered to the Company at ordinary market prices.

During the period under review, the Company rendered to affiliated energy producers services totalling 1,664,978 thousand roubles (1,893,033 thousand roubles in 2006). The services were rendered to the Company at ordinary market prices.

As payment for an additional share issue of the Company registered on 23.08.2007, JSC RAO UES of Russia contributed property and money totalling 47,404,914 thousand roubles during 2007. The remuneration payable to members of the Board of Directors and Management Board for their exercise of their functions consists of the salary under the employment agreement and bonuses determined on the basis of the year results. The total amount of remuneration paid to members of the Board of Directors and Management Board amounted to 93,731 thousand roubles in 2007. In 2007, members of the Management Board of the Company and their family members also received additional health insurance.

17. Contingencies

Russian tax, currency and customs legislation permits different interpretations and is subject to frequent modifications.

The Company Management thinks that certain operations conducted during the reporting and previous periods (including those associated with reorganisation of the Company and reform of the electric power industry) may cause disputes with regulatory bodies in the future and result in changes in the effects of transactions. Pursuant to par. 24 of Accounting Regulation “Contingencies” of PBU 8/01, no details of such operations shall be disclosed.

The recent events occurring in the Russian Federation demonstrate that tax authorities may take a tough line in interpretation of the legislation and verification of tax computations, and there is a possibility of disputing operations and activities, which were not disputed previously. As a consequence, significant additional taxes, penalties and fines may be charged. Tax inspections may cover three calendar years of operations immediately preceding the year of inspection. In certain conditions, earlier periods may also become subject to an inspection.

According to the Company Management, it interpreted provisions of the legislation correctly as of 31 December 2007, and the condition of the Company will be stable from the point of view of tax, currency and customs legislation.

18. Post Balance Sheet Events

JSC Federal Grid Company of the Unified Energy System completed allocation of its additional share issue on 17 March 2008. The issue of 60 billion roubles was registered on 23 August 2007.

The shares were allocated to JSC RAO UES of Russia and the Russian Federation by private offering.

Actually, 114,965,254,235 shares were allocated with a par value of 50 kopecks or 95.8 % of the total number of securities to be allocated. The offering price amounted to 59 kopecks. Based on results of an additional issue after registration of the issue results report and modification of the Articles of Association, the Authorised Capital of the Federal Grid Company will be increased from 180,691,104 thousand roubles to 238,173,731 thousand roubles. As payment for the additional shares in JSC UES FGC, RAO UES of Russia contributed shares in eight Backbone grid companies, JSC NTC Elektroenergetiki, JSC OES Gruzrosenergo, JSC Energostroysnabcomplect and cash totalling 49,029,500 thousand roubles. The Russian Federation paid 18,800,000 thousand roubles for shares of the additional issue of JSC UES FGC in cash.

As a result of additional issue, the Russian Federation represented by the Federal Agency for Federal Property Management (FAFPM) secured itself an interest of 16.128 % (previously 12.44 %) in the Authorised Capital of JSC UES FGC. The interest of JSC RAO UES of Russia in the Authorised Capital of the Federal Grid Company reduced from 87.56 % to 83.87 %.

On 14 December 2007, an extraordinary general meeting of shareholders of JSC UES FGC was held. The meeting resolved to reorganise JSC UES FGC by way of a takeover of JSC UES of Russia, JSC State Holding, JSC Minority Holding of UES FGC, 56 backbone grid companies (MSKs) and 7 interregional Backbone grid companies (MMCKs). Those events will be implemented in accordance with the final reorganisation scheme of JSC RAO UES of Russia approved by the Board of Directors of JSC RAO UES of Russia on 30 March 2007.

The meeting also approved a multilateral contract of takeover of the aforesaid companies including conditions of taking over by JSC UES FGC, in particular the rates and procedure of conversion of shares in the companies so taken over into shares in JSC UES FGC. The contract will be entered into between JSC RAO UES of Russia, JSC UES FGC, JSC State Holding, JSC Minority Holding of UES FGC, MSK and MMSK. Such contract of takeover is to be approved by general meetings of shareholders of all parties to the contract. The share conversion rates were approved by the Board of Directors of JSC RAO UES of Russia on 31 August 2007.

Shareholders also resolved to increase the Authorised Capital of JSC UES FGC by way of an additional issue of nine hundred sixty billion (960,000,000,000) ordinary registered shares with a par value of fifty (50) kopecks each, totalling at par value to four hundred eighty billion (480,000,000,000) roubles. Conversion of shares in the companies taken over into shares in JSC UES FGC was determined as the allocation method. In addition, the extraordinary general meeting of shareholders determined the terms and conditions of converting shares in the companies taken over into shares in JSC UES FGC.

Backbone grid companies (MSK) also held extraordinary general meetings of shareholders in connection with reorganisation by way of takeover of the MSK by JSC UES FGC. 53 MSK passed positive resolutions on reorganisation on 17 December 2007 and the remaining MSK did so on 25 January 2008, including approval of deeds of transfer and multilateral takeover contract between JSC UES FGC and the companies taken over. Most minority shareholders of MSK approved the proposed scheme of reforming the electric grid of the UNEG. 87.02 % to 99.99 % of shareholders participating in voting voted for the resolution on reorganisation. Taking-over of MSK and MMSK by JSC UES FGC together with the reform of JSC RAO UES of Russia will consolidate the electric grid facilities of the UNEG within a single company and provide for the possibility of direct investment of JSC UES FGC in development of regional MSK Backbone grids previously being on the books of JSC Energo, increase of controllability of the single Company and disappearance of the existing transaction delays; simplification and increased transparency of profit distribution within the Company; minority shareholders' obtaining an interest in the united grid holding of the country.

In the scheduled reorganisation in 2008, the possible adverse effect caused by the existing difference between the net asset value of MSK and the cost of investments in the accounts of the Company will not exceed 11 billion roubles.

As the tax and other legislations fail to cover all aspects of reorganisation in the form of a take-over, related legal, tax and accounting risks exist. The probability of adverse effects on our organisation caused by such risks is moderate.

In 2007, a field tax inspection of financial and economic operations of the Company in 2005-2006 was conducted. The inspection ended in March 2008. The tax authority has not executed any tax inspection certificate.

On 14 March 2007, the Arbitration Court of Moscow made an award on satisfying the claim of the Company, invalidating the resolution and claims of Interregional Inspectorate of the Russian Federal Tax Service for the Largest Taxpayers No. 4 based on results of the field tax inspection of the financial and economic operations of JSC UES FGC for 2003-2004 to the total outstanding amount of 494 million roubles and relevant penalties and fines amounting to 99 million roubles. That award of the court was subsequently affirmed by the appeals instance of the Arbitration Court of Moscow. By decision of the Court of Cassation, that dispute was partially referred to the court of first instance for reconsideration.

On 28 February 2008, the Arbitration Court of Moscow again made an award on satisfying the claim of the Company and invalidating the resolution and claims of Interregional Inspectorate of the Russian Federal Tax Service for the Largest Taxpayers No. 4. In the future, the tax authority may again appeal against the award of the court of first instance.

A suit against JSC Stavropolenergosbyt for collection of the cost of actually rendered services amounting to 93 million roubles plus relevant fines and penalties of 7 million roubles was filed to the Tribunal of the PETEK Foundation. Another suit was filed to the Tribunal at JSC RAO UES of Russia for collection of the cost of actually rendered services against JSC Tyvaenergo amounting to 83 million roubles plus relevant fines and penalties of 4 million roubles. The management estimates the probability of a favourable outcome as high.

In the opinion of the Company management, it correctly interpreted relevant provisions of the legislation as of 31 December 2007, and the condition of the Company will be stable from the point of view of tax legislation. Accordingly, no obligations are acknowledged in this accounting.

A. A. Demin /signed/
Chairman of the Management Board
V. V. Schukin /signed/
Chief Accountant

30 March 2008

Seal: JSC UES FGC.

AUDIT REPORT

on Statutory financial (accounting) reports

To the shareholders of Open joint stock company “Federal grid company of the Unified Energy System”.

Auditor

Closed joint stock company “PricewaterhouseCoopers Audit “ (ZAO “PricewaterhouseCoopers Audit”)

State registration certificate No 008.890, issued by Moscow Registration Bureau on 28 February 1992.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by the Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow City on August 22, 2002.

Audit license No E000376 issued by the Ministry of Finance of the Russian Federation on 20 May 2002. The license is valid until 20 May 2012.

Member of the Institute of Professional Accountants and Auditors of Russia and of the Audit Chamber of Russia.

Client

Open joint stock company “Federal grid company of the Unified Energy System”

5a, Akademika Chelomeya street, Moscow, 117630

State registration certificate No 21081 series LO-002, issued by Leningrad regional Registration Bureau on 25 June 2002, recorded in the Unified State Register of Legal Entities under No. 00/03124.

AUDIT REPORT

on Statutory financial (accounting) reports of Open joint stock company “Federal grid company of the Unified Energy System”

To the shareholders of Open joint stock company “Federal grid company of the Unified Energy System”

- 1 We have audited the attached Statutory financial (accounting) reports of Open joint stock company “Federal grid company of the Unified Energy System” (hereinafter – “the Company”) for the period from 1 January up to 31 December 2007. Statutory financial (accounting) reports of the Company consist of the Accounting Balance Sheet, Profit and Loss Statement, Statement of Changes in Stockholder’s Equity, Cash Flow Statement, Notes to the Accounting Balance, Explanatory Notes (hereinafter all the reports together are called “Statutory financial (accounting) reports”). The Statutory financial (accounting) reports were prepared by the management of the Company in accordance with the legislation of Russian Federation applicable to Statutory financial (accounting) reports. Such Statutory financial (accounting) reports differ to a significant extent from those prepared in accordance with International Financial Reporting Standards.
- 2 Preparation of the Statutory financial (accounting) reports is the responsibility of executive body of the Company. Our responsibility as auditors is to express our opinion in all material respects on these Statutory financial (accounting) reports and on whether the accounting is conducted in accordance with the Russian legislation based on our audit.
- 3 We conducted our audit in accordance with The Federal Law “On auditing activity”, Federal Auditing Standards, International Standards on Auditing and our internal standards.

Our audit was planned and performed to obtain reasonable assurance about whether the Statutory financial (accounting) reports are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statutory financial (accounting) reports, assessing compliance with accounting principles, techniques and rules of Statutory financial (accounting) reports preparation, evaluating significant estimates made by the management of the Company and the overall Statutory financial (accounting) reports presentation. We believe that our audit provides a reasonable basis for our opinion on these Statutory financial (accounting) reports and on whether the accounting is conducted in accordance with the Russian legislation.

- 4 In our opinion, the Statutory financial (accounting) reports of the Company attached to this report have been properly prepared to present, in all material respects, the financial position of the Company as at 31 December 2007 and financial results of its operations for the period from 1 January up to 31 December 2007 in accordance with the legislation of Russian Federation applicable for Statutory financial (accounting) reports.

2 April 2008

Director of ZAO

D. W. Gray

Statutory auditor
Certificate No K005491
for general audit
termless

S.G. Mescherina

Appendix 2. Accounting report of 1 quarter of 2008 (under Russian standards)



Appendix
to the Russian Ministry of
Finance Order № 67н
dated 22.07.2003

ACCOUNTING BALANCE SHEET
as for **31st of March 200 8**

Company Open Joint-Stock Company "Federal Grid Company of Unified Energy System"		ОКУД Form #1 Date (YY/MM/DD)	CODES 0710001 2008 03 31		
Tax identification code	ИНН	ОКПО	56947007		
Activity electrical power transmission	ИНН	ОКВЭД	4716016979		
form of legal entity's incorporation / form of ownership open joint-stock company / private entity	ОКВЭД	ОКОПФ/ОКФС	47	16	
Unit of measure: thousand RUR	ОКЕИ		384/385		
Location (address): 117630, Russia, Moscow, Akademika Chelomeya str., 5A	Approval date	Date of sending (acceptance)	30.04.2008		

ASSET	Indicator code	As for beginning of the accounting period	As for end of the accounting period
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets, including:	110	853 024	802 526
right to the patents, programmes, trademarks, etc.	111	853 024	802 526
other nonmaterial assets	112	-	-
Fixed assets, including:	120	118 215 558	117 908 600
plots of land and use of natural resources	121	5 646	5 646
buildings, cars and equipment, constructions	122	117 060 118	116 694 850
other fixed assets	123	1 149 794	1 208 104
Construction in progress, including:	130	76 702 820	84 535 362
equipment for installation	131	12 868 547	10 795 781
investments into non-current assets	132	63 834 273	73 739 581
Income-bearing investments into material valuables	135	-	-
Long-term financial investments	140	42 662 825	43 148 708
Deferred tax assets	145	-	-
Other non-current assets	150	1 533 901	1 497 148
TOTAL for Section I	190	239 968 128	247 892 344
II. CURRENT ASSETS			
Inventory, including:	210	2 238 985	2 838 374
raw materials, materials and other similar assets	211	1 832 120	2 026 990
costs for production in progress	213	-	-
finished goods and goods for resale	214	120 930	116 864
expenditures of future periods	216	285 935	694 520
other inventory and expenditure	217	-	-
Value added tax on purchased assets	220	1 731 506	1 529 327
Accounts receivable (payments are planned over more than 12 months upon the balance sheet date)	230	605 359	605 359
other receivables	234	605 359	605 359
Accounts receivable (payments are planned within 12 months upon the balance sheet date), including:	240	42 267 665	44 970 244
customers and consumers	241	1 683 081	3 136 803
amounts owed by partners as payments into the registered capital	242	-	-
made advance payments	243	22 635 275	25 128 106
other debtors	244	17 949 309	16 705 335
Short-term financial investments	250	3 930 420	20 930 569
Monetary assets, including:	260	9 991 374	5 993 319
cash in hand	261	4 514	3 003
settlement accounts	262	9 984 286	5 987 871
foreign currency accounts	263	-	-
monetary instruments	264	16	16
other monetary assets	265	2 558	2 429
Other current assets	270	-	-
TOTAL for Section II	290	60 765 309	76 867 192
BALANCE	300	300 733 437	324 759 536

LIABILITY	Indicator code	As for beginning of the accounting period	As for end of the accounting period
1	2	3	4
III. CAPITAL and RESERVES			
Charter capital	410	180 691 104	180 691 104
Own shares reacquired from shareholders	411	-	-
Additional capital	420	21 094 001	21 093 877
Reserve capital	430	4 657 605	4 657 605
Uncovered loss of past years	460	-	-
Undistributed profit of past years	465	2 444 337	2 444 459
Undistributed profit of the current fiscal year	470	-	2 030 929
TOTAL for Section III	490	208 887 047	210 917 974
IV. LONG-TERM LIABILITY			
Debt and borrowing	510	23 000 000	23 000 000
Deferred tax liability	515	1 574	124 137
Other long-term liability	520	-	-
TOTAL for Section IV	590	23 001 574	23 124 137
V. SHORT-TERM LIABILITY			
Debt and borrowing	610	7 263 743	7 722 833
Accounts payable, including:	620	61 580 998	82 994 519
suppliers and contractors	621	8 572 693	7 726 940
ammounts owed to the company staff	622	75 287	246 107
ammounts owed to state non-budget funds	623	48 715	82 899
tax and dues liabilities	624	137 141	225 396
received prepayments	627	3 732 442	4 526 720
other creditors	625	49 014 720	70 186 457
Ammounts owed to partners (promoters) as dividends	630	-	-
Future stream of earnings	640	75	73
Reserves for the costs to be incurred	650	-	-
Other short-term liability	660	-	-
TOTAL for Section V	690	68 844 816	90 717 425
BALANCE	700	300 733 437	324 759 536

Statement of available assets accounted for at the off-balance sheet accounts			
Rented fixed assets	910	124 723 505	125 581 872
including leased	911	836	836
Commodities and materials accepted for safe custody	920	3 560 013	3 444 514
Goods accepted for commission	930	-	-
Written off debts of insolvent debtors	940	-	-
Security for liabilities and payments received	950	8 321 808	9 217 215
Security for liabilities and payments issued	960	389 741	388 109
Depreciation housing facilities	970	161	233
Depreciation of landscape design improvement facilities and other similar facilities	980	-	-
Intangible assets received for use	990	-	-
Workwear	991	-	-
Blank forms for which strict records are kept	1000	13 808	1 808

Manager _____ A.A. Demin _____
 (signature) (signator)

Chief accountant _____ V.V. Schukin _____
 (signature) (signator)

" 30 " _____ April _____ 200 8 _____



Appendix
to the Russian Ministry of
Finance Order № 67н
dated 22.07.2003

PROFIT AND LOSS STATEMENT
as for the 1st quarter 200 8

Company **Open Joint-Stock Company "Federal Grid Company of Unified Energy System"**

ОКУД Form #2
Date (YY/MM/DD)

CODES		
0710002		
2008	03	31
56947007		
4716016979		
40.10.2		
47	16	
384/385		

Tax identification code

Activity

form of legal entity's incorporation / form of ownership / form of ownership

open joint-stock company / private entity

Unit of measure:

thousand RUR

ОКПО

ИНН

ОКВЭД

ОКОПФ/ОКФС

ОКЕИ

Indicator		For the reporting period	For the similar period of the previous year
name	code		
1	2	3	4
Income and loss for usual activities			
Net-earnings from sales of goods, products and services (minus VAT, excise duties and other similar compulsory payments), including::	010	16 692 215	14 686 260
electrical power transmission services	011	16 411 335	14 422 464
other activity	012	280 880	263 796
Production cost for goods, products and services sold, including::	020	(12 716 524)	(9 810 464)
electrical power transmission services	021	(12 386 232)	(9 680 445)
other activity	022	(330 292)	(130 019)
Gross earnings (010 + 020)	029	3 975 691	4 875 796
Commercial expenses	030	-	-
Management expenses	040	(598 035)	(409 879)
Profit (loss) from sales (029 + 030 + 040)	050	3 377 656	4 465 917
Operational income and expenses			
Interest receivable	060	219 983	148 203
Interest payable	070	(578 137)	(579 492)
Income from participation in other companies	080		
Other operational profits	090	2 552 442	314 713
Other operational expenses	100	(2 664 018)	(279 255)
Profit (loss) before tax (050 + 060 + 070 + 080 + 090 + 100 + 120 + 130 + 160 + 170)	140	2 907 926	4 070 086
Provisional income-tax expense (140 x 24%)	143	(697 902)	(976 820)
Recurrent taxes	200	(179 033)	(147 384)
Deferred tax assets	141	11 048	(2 298)
Deferred tax liabilities	142	(111 515)	(133 640)
Current income-tax (143 + 200 - 141+142)	150	(754 372)	(988 266)
Other similar compulsory payments	151	(62)	(101)
Income-tax corection for the previous periods	152		-
Net income (loss) of the reporting period (140 + 143 + 200 + 151) или (140 + 141 + 150 + 151)	190	2 030 929	2 945 781
FOR REFERENCE ONLY			
Base income (loss) for 100 000 000 shares	201	562	1 211
Diluted income (loss) for 100 000 000 shares	202	562	1 211

INTERPRETATION OF PARTICULAR INCOME AND LOSS

Indicator		For the reporting period		For the similar period of the previous year	
name	code	income	loss	income	loss
1	2	3	4	5	6
Penalties, fines and forfeits admitted or payable under (Arbitrage) court decision		329	160	6	372
Income (loss) of the previous years		20 422	157 573	724	12 251
Indemnity for losses because of non-fulfillment or undue fulfillment of obligations (liabilities)		-	-	-	-
Exchange rate differences for operations in foreign currencies		57	356	10186	10 747
Deductions for assessed reserves		X	-	X	50 331
Cancellation of accounts payable and receivable with exceeded time allowed for claims		1	1372	-	-

Manager _____ A.A. Demin
(signature) (signator)

Chief accountant _____ V.V. Schukin
(signature) (signator)

" 30 " _____ April _____ 200 8

APPENDIX 3. FINANCIAL ACCOUNTING POLICY FOR 2008 (ACCORDING TO RSBU - RUSSIAN ACCOUNTING STANDARDS)

FEDERAL GRID COMPANY OF THE UNIFIED ENERGY SYSTEM

ORDER

December 28, 2007

No.450

On financial accounting policy
at the JSC FGC UES for
the year 2008

In accordance with Federal Law No.129-FZ «About business accounting» dated 11/21/1996, the Russian Federation's Taxation Code and requirements of the financial accounting legislation and the Russian Federation's legislation on taxes and revenues,

HEREBY CHAIRMAN OF THE MANAGEMENT BOARD ORDERS THE COMPANY'S
PERSONNEL:

1. To accomplish the official approval of the Financial Accounting Policy at the JSC FGC UES (hereinafter referred to as the Company), Regulations on the Financial Accounting Policy for the Purposes of Taxation for 2008, working charts of accounts, lists of special registers on financial accounting and fiscal/taxation accounting, according to appendices 1 - 3 hereto.

2. The Accounting and Reporting Department (Mr. Schukin V.V.) shall, together with all structural subdivisions of the executive apparatus and top-managers of branches and separate subdivisions of Company ensure application of the main elements of the financial accounting policy in structural subdivisions of the executive apparatus, branches and the separate subdivisions of the Company.

3. Deputy Chairman of the Management Board, Mr. Demin A.A. is hereby entrusted with supervision over execution of the present order.

Chairman of the Management Board

A.N. Rappoport

Distribution list: executive apparatus and branches of the JSC FGC UES.

Schukin V.V.

Serykh L.V. 710-93-72

Countersigned by: Demin A.A., Baitov A.V., Inozemtsev A.V., Schukin V.V., Akimov L.Yu., Kuvshinova N.S.

Annex 1
To order of JSC FGC UES
Dtd. 28.12.2007, # 450

**Accounting policy
of Joint Stock-Company
"Federal Grid Company of the Unified Energy System"
(JSC FGC UES)
for year 2008**

Introduction

These Regulations on accounting policy for the purpose of accounting and records of JSC “Federal Grid Company of the Unified Energy System” (JSC FGC UES) (hereafter referred to as the Company) as of 2008 structurally consist of three basic sections.

1. Organizational aspects of accounting policy consist of description of the order of organization of accounting department activity process of the Company with a view of the successful accomplishment of the objectives of the Company and the process of economic and administrative decision-making.

Organizational aspects of accounting policy cover:

- Specific features of JSC FGC UES management;
- performed activities;
- principles of accounting department organization.

2. Methodological aspects of accounting policy represent procedure of business transaction accounting affecting assessment of financial status and order of achievement of financial results in the Company activity.

These Regulations on accounting policy fix accounting procedures standardizing accounting methods applied in the Company, which considerably affect the assessment and decision-making with interested users of financial statements.

3. Technical aspects of accounting policy comprise:

- kinds, composition and frequency of presentation of accounts;
- order of Company asset and liability inventory;
- working plan of accounts of financial and economic activity of JSC FGC UES for 2008 with indication of analytical levels.

1. Organizational aspects of accounting policy

1.1. Background information of the Company

JSC FGC UES has been set up subject to the program of electric energy reform carried out in the Russian Federation as the management organization of the Unified national (all-Russian) Energy Grid (UNEG) for the purpose of its preservation and development. UNEG combines networks, which belong both to JSC FGC UES and other owners.

Pursuant to the legislation of the Russian Federation JSC FGC UES is the subject of natural monopoly, and its activity is regulated with the government.

General meeting of shareholders is the superior body of JSC FGC UES. The chairman of the management board as the sole executive body performs management of current activity of the Company; collegial executive body is the Administration elected with the Board of directors.

1.2. Separate organization departments of the Company

Specific features of the Company organizational chart affecting choice of accounting means and methods consist in the availability of:

- separate structural divisions recorded on separate balance, possessing settlement and current accounts in bank institutions;

All departments of the Company structurally are grouped as per lines of activity and geographic areas.

Separate structural divisions do not constitute corporate entities; the Company vests them with the property, and they act subject to:

- the regulations on separate structural divisions;
- other documents of internal standard regulation adopted in the Company.

Separate structural divisions at their location:

- fulfill a part of functions of the Company conditioned with their production capacities within the limits fixed with the RF legislation and documents of internal standard regulation of the Company;

- collect, process and transfer to the Company information required for the normal activity of the Company;

- perform other activities and functions incidental to the Company objectives subject to the decisions of the Company managing bodies.

Company affiliates – MES, PMES, ATP MES, Elektrosetservice, ToiR MES and structural divisions of PTOiR MES have separate balance save for the structural divisions of ToiR MES of Ural and Western Siberia. Affiliates and other structural divisions of the Company have separate balance, possess their own accounts departments, and keep financial statements, tax, statistic and other records. Structural divisions of Company affiliate ToiR MES of Ural and Western Siberia do not have separate balance; the indicators of their activity comprise accounting balance sheet as a whole for the Company affiliate ToiR MES of Ural and Western Siberia.

Structural division of Company affiliate ToiR MES of the East is the specialized enterprise of maintenance and repair of main electrical networks of the East (Specialized PTOiR). It has not accounts department, or separate balance. The indicators of its activity are put on the accounting balance sheet as a whole for the affiliate of the Company of ToiR MES of the East.

1.3. Description of the activities performed with the Company

The Company performs activities, which are as follows:

- Activity regulated with the government:
 - Transmission of electric energy;
 - Connection to power grids.
- Non-regulated activity:
 - Agency activity;
 - Other non-regulated activity.

For the purpose of organization of separate accounts of the receipts, expenditures and financial results of the Company activity in the system of accounting and management records, the above activities are divided into functional activities:

- Transmission of electrical energy:
 - Engineering management and service rendering;
 - Grid control;
 - Investment activity subject to UNEG facilities;
 - Engineering supervision and audit;
 - Maintenance and repair of UNEG facilities;
 - Support of control systems and communication of UNEG facilities;
 - Road transport support of MES affiliates;

- Technological connection;
- General economic activity;
- Administrative and managerial activity;
- Non-regulated activity:
 - Insurance activity and emergency response;
 - Agency activity;
 - Services of technical maintenance and repair rendered to the third persons;
 - Communication services rendered to the third persons;
 - Road transport services rendered to the third persons;
 - Services of the client – developer and construction of facilities for the outside organizations;
 - Trust management of MRSK shares;
 - Other sale of goods (works, services) to the third persons.

1.4. Principles of organization of the Company accounting departments

1.4.1. Company accounting department

The chairman of the management board of the Company is responsible for the accounting organization in the Company, observance of the legislation in performance of economic transactions.

Structural divisions of the Company, i.e. financial and accounting department headed by department head, as well as accounting departments of separate divisions keep accounting and tax accounts and are responsible for these activities.

The head of financial and accounting department, chief accountant of the Company is responsible for accounting, timely presentation of full and true accounts. The head of financial and accounting department, chief accountant of the Company ensures control of the conformity of the existing economic transactions to the legislation of the Russian Federation, control of property circulation and discharge of commitments, supervises observance of the requirements of these Regulations and development of the proposals for the further improvement. The instructions of the Head of financial and accounting department, chief accountant of the Company on the accounting issues are mandatory for all divisions of the Company.

1.4.2. Accounting departments of separate structural divisions

The managers of separate structural divisions are responsible for the organization of accounting and observance of the legislation in performance of economic operations. They are bound to create required conditions for the proper accounting, to ensure strict observance with all structural divisions, departments and employees of the requirements of chief accountants of separate structural divisions, as well as financial and accounting department of the Company on the issues of execution and presentation for the accounts of the documents and information.

Accounting departments of separate structural divisions headed with chief accountants are responsible for the accounting. Chief accountants of separate structural divisions are liable under the legislation of the Russian Federation. They enforce observance of the legislation in performance of all economic transactions, their accounts, presentation of current information, preparation of accounting, taxing, statistic and other reports within fixed dates.

The Company organizes and keeps accounting in separate structural divisions ruled with:

- The legislation of the Russian Federation;
- Regulations on separate structural divisions;
- These Regulations on accounting policy;
- Other documents of internal regulations adopted in the Company.

1.4.3. Method of accounting organization in the Company

The Company keeps accounting with use of automatic method with application of SAP R/3 and other program products. All divisions of the Company apply single working plan of accounts set forth in annex 4 to this order.

1.4.4. Documented support of economic transactions

Economic transactions are supported with use of primary accounting documents subject to the unified form books approved with Goskomstat of Russia. In the event of absence of the approved primary document forms, the Company develops its own document forms in line with the requirements fixed in the accounting legislation.

Accounting department of the structural division, which performs economic transaction, keeps primary accounting documents and accounting registers.

For the purpose of the account of the receipts and expenditures of separate structural divisions of the Company, the above divisions deliver monthly company financial statements in the form approved with internal standard documents of the Company. The manager and chief accountant of the separate structural division, who sign the financial statements, are responsible for the proper preparation of the financial statements.

Should the property and funds be transferred from one structural division to the other one upon expiration of certain time, the division, which receives the property and the funds, is bound to keep accounts of their circulation.

The schedule of the Company document flow with respect to the incoming, outgoing and internal counting documents is approved with separate internal order documents of the Company. The schedule of document flow comprises separate standard documents of the Company, which regulate document flow of different account components and financial and economic activity of the Company.

The power to sign primary accounting and other documents is fixed with separate internal order documents of the Company. Managers of units (heads of departments, directions etc.) enjoy the power to sign documents, if it is incidental to their duties and functional obligations and subject to the manager power of attorney).

2. Methodological aspects of accounting policy

This accounting policy for the purpose of accounting and records (hereafter referred to as the accounting policy) is prepared as per the standard documents, which regulate order of accounting preparation and presentation in Russian Federation.

Such documents are as follows:

- “Federal Law on accounting” as of July 23, 1998, # 129-FZ;
- Regulations on accounting (hereafter referred to as RoA) approved with the Ministry of finance of the Russian Federation, as well as the methodic recommendations, instructions and other respective standard documents of the Ministry of finance of the Russian Federation.

Basic provisions of the accounting policy applied with the Company for accounting and preparation of accounts are given here below.

The Company accounting contains activity indicators of all separate structural divisions (including those with separate balance) and does not contain indicators of affiliates and dependent companies.

2.1. Accounting fixed assets

2.1.1. Basic assets

Recognition of fixed asset objects

Tangible assets are recognized as the fixed assets at the simultaneous observance of conditions fixed with the Regulations on accounting “Asset accounting” (RoA 6/01).

Fixed asset objects, the rights whereon are subject to public registration under the legislation of the Russian Federation, are included into the composition of the fixed assets and the respective amortization group from the date of documented fact of document submittal for the registration of the above rights. The Company ensures separate analytical record of the above objects.

Actually operated property with respect whereof capital investments are finalized, construction, technical and respective primary accounting documents of acceptance – takeover are executed, but documents for the public registration are not submitted, are put on account 08 “Investments into fixed assets”.

Procured books, booklets and other printing matters in accounting are not recognized as the fixed assets. The expenses for their procurement are recognized as the expenses of the accounting period, when they were borne. The Company does not set up library stock. For the purpose of the preservation of these objects in production activity or during operation, the provision is made for the due control of their flow in accordance with internal order documents of the Company.

Assessment and recognition of fixed assets

The unit of fixed asset accounting is inventory item.

Fixed asset objects are grouped into a single inventory item as per functional feature subject to the documentation attested with technical specialists.

Fixed assets are accepted for accounting with initial value. Initial value of fixed asset objects is established in accordance with the requirements of regulatory accounting instruments. Expenses connected with registration of the rights for the fixed asset objects, arising after acceptance of fixed asset object for accounting, are accounted as a part of miscellaneous expenses.

The value of the fixed assets whereto they are accepted for accounting, may not be changed with the exception of the construction completion, retrofit, rehabilitation, upgrading, repowering, partial liquidation or due to any other similar reasons.

The works of construction completion, retrofit, upgrading are the works due to change of process or purpose of equipment, building, structure or any other object of depreciable capital assets, higher load and/or other new features.

The rehabilitation refers to the retrofit of the existing fixed asset objects, connected with process improvement and enhancement of its technical and economic indicators, and performed subject to the rehabilitation project of fixed assets for the purpose of the increase of the production capacities, quality improvement and change of the range of products.

Repowering refers to the complex of provisions on improvement of technical and economic indicators of fixed assets or their parts on the basis of the introduction of the advanced equipment and technology, production mechanization and automation, upgrading and replacement of obsolete and worn equipment with new more efficient equipment.

The Company expenses for the construction completion, retrofit, rehabilitation, upgrading, repowering of fixed asset objects increase their initial value upon completion of the above kinds of works.

Expenses for the routine maintenance and top overhaul of fixed asset objects are recognized as the expenses for the ordinary activities for the accounting period, when they were borne.

Partial liquidation refers to quality change (degrading) physical and technical properties of the objects, which results in decrease of economic benefits from the object use.

In the event of the partial liquidation of separate parts of fixed asset objects, their initial value is reduced upon completion of the process of partial liquidation.

Depreciation of the fixed asset object is reflected in subsidiary account of fixed asset retirement, opened for the fixed asset account. Herewith initial (recovery) value of fixed asset object is charged off to the debit side of the above subsidiary account, which corresponds to the respective subsidiary account of the fixed asset account, whereas the sum of the accumulated amortization for the period of productive use in organization of the given object is charged off to the credit side, which corresponds to the amortization account of the debit side. Upon completion of the retirement procedure the depreciated book value of the fixed asset object is deducted from the credit side of the subsidiary account of fixed asset retirement account to the debit side of profit-and-loss account as the miscellaneous expenses.

The Company annually revalues fixed asset objects. The revaluation is performed subject to order documents by the groups of fixed asset objects of the same type on the basis of the current (recovery) value by way of direct recalculation as per documented market prices.

Amortization of fixed asset objects

The value of fixed assets is amortized by way of amortization accrual, unless otherwise specified in the legislation of Russian Federation or this accounting policy.

The amortization is accrued with linear method.

The period of productive use of the fixed asset objects is determined on the day of acceptance of the fixed asset objects for accounting with the committee approved with the Company manager or the person authorized by him.

The Company determines dates of productive use of fixed asset objects subject to the classification of the fixed assets included into amortization groups approved with the Governmental Regulation of Russian Federation as of 01.01.2002 # 1 "On classification of fixed assets, included into amortization groups" (hereafter referred to as the Classification).

In case of absence of some objects of fixed assets in the Classification, the period of productive use for the accounting is determined on the basis of the expert appraisal of the Company technical specialists subject to technical conditions (object technical documentation) as which as follows:

- on the basis of the expectant period of the object use, subject to the expectant efficiency or capacity;
- on the basis of the wear and tear as a function of the operation mode, natural conditions and impact of the corrosion environment, maintenance system;
- regulatory and other restrictions of the object use.

In the event of the improvement of the original accepted standard indicators of operation of fixed asset object as a result of the rehabilitation or repowering, the Company may revise to period of productive use.

In the event of the procurement of the second handed fixed asset objects, the period of their productive use is determined:

- on the basis of the period of productive use fixed as per the above procedure reduced to the number of months of operation of the concerned object with the previous owner;
- should it occur impossible to determine the period of productive use with the above method (e.g., the period of actual use with the previous owner is bigger or equal to the maximum period of productive use fixed for the objects of the given classification of amortization group), the committee at its discretion determines the period of productive use of the concerned fixed asset taking into account safety requirements and other aspects.

The accrual of the depreciation charge for the fixed asset object is performed from the first date of the month, which follows the month of the acceptance of the object for the accounting, and is performed till the full value amortization of the concerned object, or object writing-off from the accounts.

The value of the fixed asset object, which does not exceed 20 thousand rubles per unit, is deducted to the expenses for the production (sales expenses) by way of amortization accrual for the fixed assets to the amount of their initial value according to their transfer to the production or operation. The fixed asset objects, which were commissioned before 31.12.2007 from the initial value per unit from 10 thousand rubles to 20 thousand rubles are deducted to the expenses for the production (sales expenses) by way of uniform amortization accrual during the remaining period of their productive use.

The property, completed construction, which is actually operated and is not supported with the documents submitted for the public registration, is subject to the amortization and is put on separate subsidiary account of the account of the investments into the fixed assets. The amortization of the above property is accrued in the order provided for the amortization accrual for the fixed assets. When these objects are accepted for accounting as a part of the fixed assets after public registration, the previous accrued amortization sum is adjusted.

2.1.2. Intangible assets

Recognition of intangible assets

The intangible assets cover procured or created objects, which do not feature material & substantial content, but have the value, and are used in economic activity of the organization for a long time (more than one year), which bring return.

Evaluation of intangible assets

Intangible assets are accepted for accounting as per initial value. The initial value of intangible assets is established subject to the requirements of accounting legislative instruments.

Should the expenses connected with the procurement, development, production and bringing intangible assets to the conditions, in which they fit for operation, identified after acceptance of intangible assets for accounting, they are reflected as a part of miscellaneous expenses.

The unit of intangible asset accounting is inventory item.

Amortization of intangible assets

The value of intangible assets with the exception of scientific and research, pilot design and technological works, which yield positive results and do not subject to the legal protection, are deducted with amortization accrual.

The amortization of intangible asset objects is accrued with the linear method on the basis of the fixed period of productive use.

The period of productive use of intangible assets is determined with the committee approved with the Chairman of the management board (of the separate structural division – its head) or the person authorized by him at the time of the acceptance of intangible assets for accounting on the basis of the:

- period of validity of the patent, certificate or other restrictive dates of intellectual property object application subject to the legislation of Russian Federation;
- expectant period of the object use, when the Company may gain economic benefits (earnings).

Depreciation charges of intangible assets are reflected in accounts by way of the accrual of the respective sums in separate account 05 “Amortization of intangible assets”.

2.1.3. Scientific & research, pilot & structural and technological works

The expenses for scientific & research, pilot & structural and technological works (hereafter referred to as R&D) are put on separate subsidiary account “Expenses for R&D” of account 08 “Investments into fixed assets”. Analytical record is performed as per kinds of works, contracts (orders).

The unit of accounted expenses for R&D is the inventory item (the aggregate of the expenses for the performed work, the results whereof may be separately used for the product output (works, services) and Company management functions.

After R&D completion, the works with positive result subject to legal protection, which are not executed as per the legal order, are transferred to separate subsidiary account of account 08 “Investments into fixed assets”. Should it occur, that in the event of R&D the Company is sure, that R&D results will yield positive result and will be registered, the transfer to separate subsidiary account of account 08 “Investments into fixed assets” may be performed before the completion of the above works. After the receipt of the certificate executed as per the legal order, the works are transferred to the respective subsidiary accounts of account 04 “Intangible assets”.

R&D, which yield positive result and do not subject to the legal protection, are transferred to a separate subsidiary account of account 08 “Investments into fixed assets”. The concerned R&D are transferred to the respective subsidiary account of account 04 “Intangible assets” from the time of actual use of the results of the concerned R&D in product output (work performance, service rendering or for Company management.

R&D expenses, which yield positive results, subject to deduction to the expenses for the common activities starting from the first date of the month, which follows the month, in which actual results of the performed works were first used in the production or the Company management.

The expenses are deducted with linear method. The period of R&D expense deduction is determined with the Company on the basis of the expectant period of application of R&D results, when the organization may gain economic benefits, but not more than 5 years. The period of productive use is determined with collective body (committee) of the Company.

R&D in which the Company yields positive results and the writing-off period whereof is fixed for more than one accounting period, is reflected in the accounting balance sheet in section “Fixed assets”.

Should the R&D expenses do not yield positive result, these expenses are recognized as the miscellaneous expenses of the accounting period.

2.1.4. Capital investments, equipment to be installed and survey and design works

Recognition of capital investments

Capital investments cover expenses of the enterprise focused on the investments into the basic capital (fixed assets), including expenses for the new construction, development, increase of dimensions, improvement of performances or purchase of fixed assets of extended use (over 1 year), which are not intended for the sale.

Accounting capital investments

Analytical record of long-term investments into the construction is performed in accordance with the internal order documents of the Company.

The investments into fixed assets are accounted as per the actual expenses, which, in particular, refer to the expenses of interest payment for the bank credits and other borrowers' liabilities used for this purpose (only with respect to the interest accrued before fixed asset objects are commissioned and accepted for accounting).

Expenses of the developer for the project construction consist of the expenses connected with properly construction (construction), commissioning, handing over to the investor, as well as expectant expenses connected with the construction and financing activity.

The expenses of the developer for the works accepted for the payment and paid works performed with the contractor on the completed construction sites are accounted as a part of non-completed construction till their commissioning or handing over to the investor.

Expenses connected with payment for the Client's direction activity are accrued and are monthly distributed as per the order fixed with the internal organization order documents of the Company.

The distribution of the general capital expenses for the inventory value of the fixed assets included into the internal construction project is performed pro rata to the value of their direct expenses in current prices.

The sums refundable after the sale of the materials and parts produced due to dismantling temporary buildings and structures are determined with calculations. Which take into account sale of these materials and parts at the current price level.

The value of refundable structures, materials and articles as a part of the refundable sums is fixed as per free (market) prices with deduction from these sums of expenditures for bringing them into fit condition and delivery to the storage place. The value of the materials obtained as associated extraction, when it is impossible to use them for the concerned construction with the possibility of their sale is accounted as per the prices valid in the region.

The Company keeps synthetic accounting of long-term investments at account 08 "Investments into fixed assets" in the reserve of separate subsidiary accounts as per the kinds of capital investments.

Analytical accounting of capital investments in SAP R/3 system is performed at account 36 subject to the account working schedule.

Expenses for design & survey works are put on account 08 "Investments into fixed assets" in line with developed projects. Upon completion of survey and design works, approval of design and estimate documentation "for work execution" and release with the

Company management of the order of the approval of the construction title, the expenses for this project refer to the project construction.

Survey and design works, which do not yield positive result, and design & estimate documentation, which is not subject to the approval “for work execution”, are not taken into account in the order, which is as follows:

- in decision taking on project termination, are recognized as miscellaneous expenses of the accounting period;
- in decision taking on work suspension in construction project, where design and survey works are finalized and design & estimate documentation is developed, are accounted as a part of “Fixed assets” till the time of the construction work resumption.

The value of the construction in progress performed both on the economic and contractual basis is reflected on the balance in subsection “Construction in progress”.

Upon completion of the project construction the Company determines inventory value of each component commissioned as separate inventory unit of fixed assets. Inventory value consists of actual expenses for the construction works and accrued miscellaneous capital expenses.

At the moment of the procurement the equipment to be erected is entered into the books by the price, which includes the price of the supplier and the value of the other services of the procurement of this equipment presented and accepted before object acceptance for accounting. In the event of unbilled supply – as per the accounting price of similar goods (in the event of unbilled supply of imported equipment – as per the contract price).

2.2. Financial investment accounting

The unit of financial investment accounting is the aggregate of financial assets of the same type. The unit of financial investment measurement is the minimum unit of each kind of financial investment, which further may be alienated as separate asset.

Transactions connected with investments into deposits, are put with the Company on account 55 “Special bank accounts” and are reflected in accounting as a part of short-term financial assets.

The Company keeps financial investment accounts in line with short-term and long-term financial assets. Short-term financial assets are financial assets, when fixed dates of their repayment do not exceed one year; they are reflected in accounting as a part of circulating assets.

Investments, which are not specified for the purpose to possess or/and gain benefit during more than one year, which are reflected in accounting as a part of fixed assets, are regarded as long-term financial assets.

Financial assets are accepted for accounting as per the initial value.

The initial value of financial assets is established in accordance with the requirements of accounting regulatory documents.

In the event of minor expenses (with the exception of the sums payable as per the contract to the seller) for the procurement of such financial assets as valuable securities compared to the sum payable in accordance with the contract to the seller, the Company recognizes such expenses as miscellaneous expenses for the accounting period, when the above valuable securities were accepted for accounting. The sum, the relationship whereof to the grand total of the respective data for the accounting period amounts at least to 5% and its non-disclosure may affect economic decisions of the concerned users accepted on the basis of the accounting information, is recognized as substantial sum.

Financial assets by means whereof it is possible to determine in the fixed order current market value are reflected in accounting by way of adjustment of their evaluation as of the previous accounting date. The Company makes this adjustment every three months.

Financial assets with respect whereof the provision is not made for the determination of their market value, are to be reflected in accounts and accounting as of the accounting date as per the initial value. The Company checks up one time a year the extent of depreciation of such financial assets as of December 31 of the accounting year subject to the method approved in the Company.

In the event of steady substantial decrease of the value of financial assets, with respect whereof the market value is not determined, the company creates the reserve fund to make up for the depreciation of such financial assets to the value corresponding to the difference between accounted and evaluated value or calculated value. The Company creates depreciation reserve fund of financial assets at the account of financial results of the Company as a part of other expenses.

Value of financial assets, market value whereof is not determined, and with respect to which the Company has the depreciation fund, is accounted as per the book value less the sum of the fund formation.

With respect to the debt securities, whose current market value is not determined, the Company refers difference between initial value and par value for the period of their circulation uniformly with due account of the proceeds payable subject to the conditions of their issue as per the financial results (as a part of miscellaneous receipts and expenditures).

With respect to the debt securities and granted loans the Company does not evaluate them subject to the capitalized value.

In the event of the retirement of the assets accepted for accounting as financial assets, wherefore current market value is not determined, with the exception of the below kinds of financial assets, they are evaluated subject to the initial value by the time of financial investment acquisition (FIFO method).

Deposits to authorized (reserve) capital of other organizations (with the exception of the shares of joint –stock companies), loans granted to other organizations, deposits in lending institutions, accounts receivable, acquired on the basis of the assignment of right of demand are evaluated subject to the initial value of each financial assets retired from the above accounting items.

In the event of the retirement of the assets accepted for accounting as financial assets, with respect whereof current market value is determined, the Company evaluates them on the basis of the last evaluation. Should it occur, that as of the date of the retirement of such financial assets they were not revaluated from the day of their procurement, they are evaluated subject to FIFO method.

2.3. Stocks accounting

Stocks evaluation and accounting

The unit of stocks accounting is stock number.

Stocks are accepted for accounting subject to their actual prime cost. The actual prime cost is calculated in accordance with the requirements of accounting regulations.

Provision and procurement of inventory items is reflected in account 15 “Provision and procurement of tangible values” and 16 “Material cost deviation”.

Account 15 “Provision and procurement of tangible values” reflects the value of inventory items and ordering costs (hereafter OC).

OC associated with delivery of tangible assets, are divided to the value of entered inventory items pro rata to the value of inventory items at the time of the arrival of the settlement documents for OC.

Should it occur, that by the time of OC distribution, inventory items whereto refer OC, are reflected in account 10 “Materials”, the OC value increases the value of these inventory items.

Should it occur, that by the time of OC distribution, inventory items are written off account 10 “Materials”, OC value is written off account 15 “Provision and procurement of tangible values” to account 16 “Material cost deviation” and at the end of the month are written off to those accounts, whereto inventory items were written off.

The sum of the deviation between the actual and accounting value of inventory items released for the production or written off due to variety of reasons is reflected on account 16 “Material cost deviation”. Therefore, actions as per account 16 “Material cost deviation” are acceptable only in the event of the absence of the above stocks in the warehouse.

The sums of deviation of the value of the procured stocks, which are accumulated during the month on account 16 “Material cost deviation”, subject to monthly writing off to the respective costs and expenditures (prime cost, capital investments, inadequacy and losses etc.) pro rata to accounting value of written off stocks.

In the event of unbilled stocks, they are reflected in contract price account. In the absence of the contract price stocks are accepted for accounting subject to their market value.

Stocks, which belong to the Company as beneficially owned, but which are on the way, before the time of their arrival to the warehouse are reflected on account 15 “Provision and procurement of tangible values” in the contract evaluation.

Materials are evaluated at their production or any other retirement with the separate division with separate balance by the method of average prime cost with application of “rolling valuation” method.

Inventory items accepted for the custody and transformation are reflected in off-balance sheet account 002 “Inventory items accepted for the custody” and 003 “Materials accepted for transformation”.

The Company keeps analytical record of materials on the basis of turnover balance lists.

Accounting special clothes, special tools, special appliances and special equipment

Irrespective of the period of productive use, special clothes, special tools, special appliances and special equipment at the time of their acceptance for accounting are recognized as stocks.

The value of special clothes with lifetime subject to the issue rates does not exceed 12 months, is fully written off to the debit side of the respective expenditure accounts for the production at the time of their handing over (delivery) to the Company employees.

The value of special clothes with lifetime subject to the issue rates exceed 12 months, is deducted with linear method, starting for the month, which follows the month of delivery, on the basis of the period of productive use of special clothes fixed as per branch standards or, in the event of their absence, subject to the internal regulatory documents of the Company.

The value of special tools, special appliances and special equipment is deducted with linear method, starting from the month, which follows the month of putting into operation on the basis of their actual prime cost and rates calculated on the basis of the period of productive use of the given objects. The period of productive use of special tools,

special appliances, and special equipment is fixed with internal regulatory documents of the Company.

The Company holds quantitative analytical data sheets of special clothes in program SAP/R3, the value whereof is fully written off to the debit side of the respective account of the expenses for the production at the time of their handing over (delivery) to the Company employees.

With respect to the items of special clothes of the same type and the same cost less than 20 thousand rubles delivered simultaneously to one of structural divisions of the Company with the lifespan as per the issue rates less than 12 months, the company keeps group accounting.

Each operated item of special clothes with the lifespan subject to the issue rate exceeds 12 months, is regarded as the separate accounting item.

Commodity accounting

The commodities procured with the Company for the sale are reflected on subsidiary account 41 “Commodities in wholesale” subject to the cost of their procurement.

The commodities sold in retail trade are reflected on a separate subsidiary account 41 “Commodities in retail trade” subject to the sale prices with separate extra charge accounting.

Expenses of provision and delivery of commodities procured for the central warehouses incurred before the time of their transfer to the sale are referred to the expenses for the sale, with the exception of the instances, when such expenses are included into the price of the procured commodities subject to the terms and conditions of the contract. The commodities accepted for the custody are reflected in the off balance account 002 “Inventory items accepted for the custody”.

In the event of the sale (issue) of the commodities accounted subject to the cost of their procurement, they are evaluated subject to the method of “rolling” average prime cost within the separate division with separate balance.

2.4. Expenditure accounting

The Company accounts expenditures separately for functional activities fixed with order documents of the Company.

The Company acquires cumulative information relative to the Company expenses for common activities and reflects it in special subsidiary accounts of account 20 “Primary production”.

General and administrative expenses and general production costs of separate structural divisions are reflected in subsidiary accounts of account 20 “Primary production”. General economic expenses of separate division – executive body are reflected in balance sheet account 26 “General expenses of administration”. General expenses of administration of separate division – executive department are monthly written off to financial results without distribution among activities.

Program SAP R/3 keeps record of expenses in 30 accounts. Expenses of separate divisions are monthly reflected in respective subsidiary account of account 20 “Primary production” with further reference to the sale prime cost. The expenditures, which form prime cost of the affiliate sale, are transferred to the balance of the executive body of the Company from account 79 “Internal economic settlements” for the formation of sale prime cost as a whole for the Company.

Selling expenses are collected during a month on account 44 "Selling expenses". At the end of the month they are fully written off to the debit side of account 90.2 "Prime cost".

Demise expenses are recognized as the expenses of common activities.

The Company refers property tax, land tax, transport and water taxes to miscellaneous expenses.

Incomplete production accounting

The works, which are not handed over to the client at the end of accounting period, subject to the functional activity "Construction of facilities for outside organizations" refer to incomplete production (IP).

The incomplete production is reflected in the accounting balance sheet of a separate division responsible for the construction, subject to the direct cost items, which contain:

- expenses for the materials, semi-products and accessories;
- expenses for the remuneration of labor personnel participating in the process of work performance;
- expenses for the equipment to be erected;
- expenses for the services of outside organization directly connected with construction of specific project (including expenses for subcontract works, performance of survey and design, erection and other works);
- sums of accumulated amortization for fixed assets used for the performance of construction works for the outside organizations;
- miscellaneous.

The sum of the expenses for the subcontract works to be included into the cost of the balance of the incomplete production is determined with the direct account on the basis of the comparison of specific works accepted from subcontractors, and works handed over during accounting period with the client.

Actual prime cost of construction works performed individually with the Company prior to hand over the construction project to the client is reflected as incomplete production in separate subsidiary account of account 20 "Primary production" and is determined as the total cost of such works.

The Company keeps analytical account of IP objects in line with accounting items, including paid or payable works done with involved organizations under the construction contract.

2.5. Accounting deferred expenses

Expenses incurred during accounting period, but referred to the next accounting periods, are regarded as deferred expenses.

The period to which refer deferred expenses is determined on the basis of the period, when economic benefits (proceeds) are expectant. This period is determined in the order fixed with internal organization order documents of the Company. Deferred expenses are written off uniformly during the above period.

Should it occur, that the impossibility to gain economic benefits (proceeds) is obvious, all non written part of deferred expenses is to be referred in lump-sum to the expenses of the accounting period, when the Company learnt, that it was impossible to gain economic benefits (proceeds).

Deferred expenses are reflected in form 1 of accounts in entry 216.

2.6. Accounting settlements with accountable persons

Accounting settlements with accountable persons associated with business trips and expenses of representation is performed in separate subsidiary accounts. This information is reflected in accounting balance sheet for the same accountable person.

2.7. Accounting credits and loans

Recognition of credits and loans

This section of accounting policy applies with respect to the expenses associated with performance of liabilities with regard to the granted loans and credits, including debt financing by way of issue of bills of exchange, issue and sale of bonds, interest-free loan agreements, public loan contracts.

Accounting credits and loans

Granted credits and loans are reflected subject to the Accounting regulations “Accounting loans and credits and expenses of their servicing” PBU 15/01.

The Company debts to the lender (creditor) for the granted loans and credits in accounting is divided into:

- short-term repayment period, which subject to the terms and conditions of the contract corresponds up to 12 months (account 66 “Settlements of short-term credits and loans”);
- long-term repayment period, which subject to the terms and conditions of the contract corresponds more than 12 months (account 67 “Settlements of long-term credits and loans”).

The Company transfers long-term debt to short-term debt. The Company transfers long-term debts for granted loans and credits to short-term debts at the time, when subject to the terms and conditions of the contract of loan and/or credit, there is left 365 days to the deadline of principal sum repayment.

Upon expiration of the date of maturity, the Company transfers term debt to the debt in arrears. The Company transfers short-term debt for granted loans and credits to the debt in arrears in the day, which follows the day, when subject to the terms and conditions of the loan and/or credit the Company (debtor) is bound to repay the principal part of the debt.

Accounting expenses associated with procurement and utilization of loans and credits

The Company charges interests for the granted loans and credits in the order fixed in the loan contract and/or credit contract.

The Company reflects debts for the granted loans and credits with due account for the interests accrued and payable at the end of the accounting period subject to the terms and conditions of the contract.

The Company accounts interests, discounts for payable bills of exchange, bonds and other borrowed liabilities in the following order:

- a) With respect to the concerned bills of exchange – the Company reflects the sum stated in the bill of exchange (hereafter referred to as the sum of the bill of exchange) as the accounts payable.

In the event of the interest accrual to the sum of the bill of exchange for the issued bills of exchange, the Company reflects the debt for such bill of exchange with due account for the interests payable at the end of the accounting period under the conditions of the issue of the bill of exchange.

In case of the issue of the bill of exchange for the procurement of the loan in cash, the Company refers the sum payable to the holder of the bill for the interests or discount at the time of the issue of the bill of exchange.

b) With respect to the bonds – the Company reflects par cost of the issues and sold bonds, as accounts payable.

In case of earnings accrual for the bonds in form of the interests, the Company specifies accounts payable for the sold bonds with due account for the interests payable at the end of the accounting period.

The Company reflects accrued payable earnings (interests or discount) for issued bonds as a part of miscellaneous expenses in those accounting periods, whereto refers such accrual.

The Company uniformly (monthly) performs earning accrual payable to the lender with respect to the other borrowed liabilities with the exception of the bills of exchange and bonds, which are recognized as its miscellaneous expenses for the accounting periods, to which refers this accrual.

The Company recognizes prime cost of the granted loans and credits as the expenses of the period, when they were incurred, with the exception of their part, which subjects to be referred to the cost of investment asset, or subjects to be used for the advance payment for the stocks, other values, works, services or payment of the advance and downpayment at the account of their payment.

Additional charges incurred by the Company in connection with procurement of the credits and loans, issue and placement of the bonds, refer to miscellaneous expenses directly for the accounting period, when they were incurred.

The Company refers expenses for the granted loans and credits directly relative to the procurement and/or construction of the investment assets to the cost of this asset, and redeems them by way of the amortization accrual, with the exception of the instances, when the accounting regulations do not provide asset amortization accrual.

Expenses for the granted loans and credits associated with formation of investment asset, with respect to which amortization is not accrued subject to the accounting regulations, do not refer to such asset, but refers to the Company current expenses.

In case credit and loan servicing expenses may not be referred to a specific property (fixed and circulating assets), or the process of such asset reference presumes complicating and time consuming calculations, the expenses for servicing such credits and loans fully refer to miscellaneous expenses.

2.8. Reserve accounting

The Company creates reserve of doubtful debts and reserve of financial asset depreciation.

Reserve of doubtful debts

For the purpose of the veracious reflection in the accounts of the accounts receivable, the Company creates the reserve of doubtful debts.

The doubtful debt is the debt with respect to the Company arisen in connection with commodity sale, work performance, service rendering, if this debt is not repaid within the dates fixed with the contract and is not secured with the pledge, caution or bank guarantee.

The debt with respect to the Company arisen in connection with the commodity sale, work performance, service rendering, if the Company is confident, that this debt will be repaid in the future within reasonable dates, is not regarded as doubtful debt.

Uncollectable debts (irrecoverable debts) are the debts with respect to the Company, with respect whereof limitation period is expired, as well as the debts, which respect whereof the liability is terminated subject to the civil legislation owing to the impossibility of its performance on the basis of the deed of the public authority or organization liquidation.

The reserve of doubtful debts is not created with respect to the debts for securities, in particular, bills of exchange and debts accumulated in connection with interest non-payment.

The sums of the deduction to the reserve of doubtful debts refer to miscellaneous expenses (proceeds in the event of the reserve adjustment to its reduction) as of the last day of the quarter.

The sum of the reserve of doubtful debts is determined by the results accounts receivable audit as of the last day of the quarter. The amount of the sum identified doubtful debt, which entails addition to the reserve sum, is determined as a function of its incurring period:

- with respect to the doubtful debt with incurring period over 90 days – full sum of the debt identified by the audit is added to the sum of the created reserve;
- with respect to the doubtful debt with incurring period from 45 to 90 days (inclusive) – 50% of the sum identified by the debt audit is added to the sum of the created reserve;
- with respect to the doubtful debt with incurring period up to 45 days – the sum of the created reserve is not increased.

The Company may use the reserve of doubtful debt only to cover for the losses due to uncollectable debts, recognized as per the legal procedure.

The sum of the reserve of doubtful debts, which was not fully used by the Company in the current quarter to cover for the losses due to uncollectable debts, may be transferred to the next quarter. In this respect, the sum of newly created reserve by the results of the reserve audit is to be adjusted to the sum of the balance of the reserve of the previous accounting period.

Should the sum of the newly created reserve by the results of the audit occur to be less than the sum of the reserve balance for the previous accounting period, the difference is to be referred to miscellaneous expenses of the taxpayer for the current quarter.

Should the sum of newly created reserve by the results of the audit occur to be more than the sum of the reserve balance of the previous quarter, the difference is to be referred to the miscellaneous expenses of the current quarter.

Writing off debts recognized as uncollectable debt as per this procedure is performed at the account of the sum of the created reserve. Should the sum of the created reserve be less than the sum of the uncollectable debt to be written off, the different (loss) subjects to be referred to the miscellaneous expenses.

Accounts receivable are recorded to the amount presented to the purchaser by the enterprise, including value added tax.

Reserves of doubtful debts are recorded separately with respect to the sums of accounts receivable.

Reserve of financial asset depreciation

Calculation of the reserve of financial asset depreciation is performed in accordance with internal documents of the Company – “Method of audit of financial asset value of JSC FGC UES.

2.9. Accounting taxes and dues

Sums of taxes and dues to be reflected in accounting are calculated subject to the tax regulations fixed with the legislation of Russian Federation.

Expenses of taxes and dues are reflected in the accounts for the concerned period, to which they refer on the basis of the principle of correlation of the receipts and expenditures by the periods.

Sums of taxes and dues refer to the asset value in case payment of these taxes and dues is directly associated with creation of these assets and further paid taxes will not be compensated from the budget.

Deferred tax assets and liabilities for the profit tax are recognized as of the end of each accounting period for all timing difference arisen or terminated in the period, both for the deductible taxable assets and liabilities.

2.9.1. Calculation of profit taxes

The sum of the profit tax is determined on the basis of the value of conventional expenditure (conventional proceeds) for the profit tax, adjusted to the sum of permanent tax liability, deferred tax asset and deferred tax liability of the accounting period. Conventional expenditure (conventional proceeds) for the profit tax is referred to separate subsidiary account of profit or loss account.

The Company keeps separate record of permanent and timing difference; information of permanent and timing difference is formed on the basis of the initial accounting documents in tax accounting registers.

Permanent difference of accounting period is recorded in tax accounting registers. Permanent tax liability, which is reflected in summary in a separate subsidiary account of profit and loss account, is formed on the basis of special registers.

Timing (deductible and taxable) differences of accounting period are recorded in special tax accounting registers, used as the basis for the formation of deferred tax assets reflected in accounts.

Record of tax assets and liabilities relative to profit tax is performed on accounts 09 "Deferred tax assets", 77 "Deferred tax liabilities" in correlation with accounts 68 "Calculation of Taxes and dues", 99 "Profits and losses". Herewith, analytical record of these accounts is organized for the kinds of tax assets and tax liabilities, as well as causes of timing and permanent differences.

The sum of deferred tax asset and deferred tax liability is reflected in curtailed form in the Company balance sheet.

Accrual of monthly profit tax advance is not reflected in the Company accounting.

2.10. Revenue recognition

Revenues from ordinary activities are the revenues gained as the main revenues or the revenues gained on the regular basis, which are connected with general production activity.

The Company records revenues by activities subject to the separate documents of the Company.

Revenues from the demise are recognized as the revenues for common activities.

Revenues connected with granting paid rights arising from patents for invention, industrial models and other kinds of intellectual property, are recognized as the revenues for common activities.

Positive difference of rates of exchange is referred to miscellaneous revenues.

Revenues in the form of sums of recovered reserves of the Company are referred to miscellaneous revenues.

2.10.1. Accounting revenues and expenses under construction contracts

With respect to the construction contracts providing stage-by-stage work handing over, the Company applies the method of revenue determination by the cost of works as far as they are ready, i.e. after completion of the works in separate stages provided with construction program without use of account 46 “Fulfilled stages of uncompleted works”.

Expenses for the volume of fulfilled works under the above contracts are determined with direct method. Expenses, with respect whereof direct method may not be applied, refer to respective works and are calculated pro rata to direct expenses.

With respect to the contracts, which do not provide staged work handing over, the Company applies the method of revenue determination upon completion and acceptance of the works subject to the fixed procedure under the construction contract of the project as a whole. The expenses for such contracts are accumulated in the account and refer to the price cost of the sold works only after completion of the works in the construction project.

2.11. Accounting deferred revenues

Revenues gained in the accounting period, which meet the criteria of their recognition, but not refer to the further accounting periods, are reflected in accounting, as deferred revenues.

Forthcoming proceeds from the debts for inadequacy identified in the previous periods, difference between the sum to be collected from the guilty persons and balance cost of assets received with the Company free of charge, are referred to deferred revenues.

2.12. Lease accounting

For the purpose of accounting lease operations are divided into operations of financial leasing and operational leasing.

2.12.1. Financial leasing

For the purpose of lease identification as financial lease, respective provisions of the Civil Code of RF (hereafter CC RF) and Federal law of RF as of 29.10.1998 # 164-FZ “On financial leasing” are to be respected.

Under the contract of financial lease (leasing contract) the leaseholder undertakes to acquire title to the above leased property from the seller of his choice as his property and to lease to the leaseholder the property for payment for temporary possession and utilization for entrepreneurial purpose.

Conditions of leasing property record on the balance of the leaseholder (lessor) or lessee are determined under the contract of financial leasing.

2.12.2. Operating lease

Operating lease is the lease with the conditions the main risks and benefits whereof connected with the possession of fixed assets (FA) remain at the leaseholder. Operating lease covers leasing agreements, which do not meet the criteria of reference to the financial leasing.

The lessee accounts for the leased objects in off balance account 001 “Leased fixed assets”.

The object of operating lease is reflected in accounts of leaseholder in separate subsidiary account of “Fixed assets”.

The leaseholder accrues amortization throughout the entire period of the object lease, if the object refers to fixed assets or intangible assets.

Expenditures (revenues) due to operating lease are accrued in the period to which these expenditures (revenues) refer.

In the event of the object return from operating lease, the lessee terminate account of these objects off balance. The Lessor does not change the accounting procedure of lease objects at their return.

2.13. Accounting inadequacy and losses due to tangible asset damage

Inadequacy and losses due to tangible asset damage identified at their acceptance from the suppliers are accepted for accounting subject to actual prime cost of tangible assets.

Inadequacy and losses within the rates of natural loss, as well as within the limits of the values provided in the contract are not added to the initial cost of tangible values.

Inadequacy and losses identified in excess of the rates of natural loss, as well as in excess of the values provided in the contract refer to the settlement of the claims lodged either with the supplier, or with the transport or other organizations for the inadequacy or losses of values on the way.

Inadequacy and losses within the rates of natural loss refer to the production accounts (sale expenses).

Inadequacy and losses in excess of the rates of natural loss identified as a result of the inventory refer to guilty persons and are reflected in the reports as accounts receivable. Should the guilty persons are not determined, or the legal court disclaimed to recover losses from them, the inadequacy and losses refer to miscellaneous expenses.

3. Technical aspects of accounting policy

3.1. Kinds and composition of accounts, order of their preparation and presentation to the users

The accounts contain all substantial indicators required to have true and full idea of the financial status, financial results of the activity and financial condition of the Company.

The indicator is regarded as substantial, if its non-disclosure may affect economic solution of the concerned users taken on the basis of the accounting information. The decision by the Company of the issue, whether the concerned indicator is substantial, depends on the indication evaluation, its nature, specific circumstances of its arising.

The financial statements of the Company comprise:

- 1) accounting balance sheet;
- 2) profit and loss statement;
- 3) capital change statement;
- 4) cash flow statement;
- 5) explanatory note, including addenda to the accounting balance sheet.

Auditor report is also included into the annual financial statement.

The indicators of the accounting forms are determined subject to the order of the Ministry of finance of Russian Federation as of 22.07.2003 № 67n “On forms of financial statements of organizations”. Herewith, when required, the Company may introduce addi-

tional data and indicators into the accounting forms, or exclude them subject to the internal order documents of the Company.

The Company applies accounting forms in sequence from one accounting period to another one.

The accounting is prepared in thousand rubles.

The Company prepares financial statements for a quarter, six months, 9 months, a year with progressive total from the beginning of the accounting year within the dates fixed with the head of the Company.

The quarter statements are interim statements.

Composition of financial statements and auxiliary documents	Presentation frequency	
	Quarter	Year
Accounting balance sheet	✓	✓
Profit and loss statement	✓	✓
Capital change statement		✓
Cash flow statement		✓
Explanatory note, including addenda to the accounting balance sheet		✓
Auditor report		✓

3.2. Organization of property inventory process, financial liabilities of the Company and general application regulations

Subject article 12 of Federal law “On financial statements” and “Guidelines of property inventory and financial liabilities” approved with the Ministry of finance of Russian Federation as of 13.06.1995 № 49, The Company carries out inventory of the property and financial liabilities.

The frequency and the order of the property inventory in the Company are regulated with accounting regulatory documents and internal organization and order documents of the Company.

For the inventory purpose the Company sets up central inventory committee approved with the order of the Chairman of the board of directors of the Company or any other authorized person subject to the regulations developed in the Company.

The frequency and the order of the property inventory in the Company are regulated with accounting regulatory documents and internal organization and order documents of the Company.

Representative of the Company administration, Direction of financial audit and internal audit, as well as employees of accounting department and employees of other departments are included into the composition of the central inventory committee.

Working inventory committees carry out inventory in separate structural divisions of the Company. The composition of working inventory committees and order of their setting up in separate divisions is fixed with the order (instruction) of the respective manager.

Specialists, who have good knowledge of inventory issues and employees of accounting department, are included into the composition of the committee. Absence of at least one member of the committee at the inventory process is regarded as the reason to recognize the inventory results as invalid.

Managers of separate structural divisions of the Company are responsible for the accuracy and timely inventory of the stocks, balance of incomplete production, financial liabilities.

The manager responsible for the inventory in the Company ensures coordination of activities of all committees.

Inventory of transmission lines, substation assets and other fixed assets and property located in the territory of the affiliates, subsidiary and other companies operating existing facilities (including subject to the rental contracts) is carried out with mandatory presence of the Company representatives.

The results of the inventory are reflected in the protocol approved with the manager of the separate structural division and representative of the central inventory committee for the further approval of the inventory results with the Company manager or the person authorized by him.

Collation statements prepared with the accounting department of a separate structural division of the Company are regarded as the basic final documents relative to the value inventory.

The working committee approves final conclusion and proposal by the inventory results.