

QUARTERLY REPORT

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

Issuer’s code:

6 5 1 1 6 – D

for quarter I, 2007

Issuer’s location: *115114, Moscow, 2nd Paveletsky passage, 3, bld. 2*

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

First Deputy Director General	
For production – Chief Engineer	A.V. Mayorov
Date “ 14 ” May 20 07	(signature)
Chief Accountant of the issuer	L.A. Sklyarova
Date “ 10 ” May 20 07	(signature)
	Seal

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

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Introduction

The issuer's full company name in Russian:

Открытое акционерное общество «Московская объединенная электросетевая компания»

The issuer's full company name in English:

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

The issuer's shortened company name in Russian:

ОАО «Московская объединенная электросетевая компания»;

ОАО «МОЭСК»

The issuer's shortened company name in English:

OJSC "Moscow United Electric Grid Company"

OJSC "MOESK".

The issuer's location: ***142100, Moscow region, Podolsk city, Ordzhonikidze street, 27***

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

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

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

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

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

Internet website used by the issuer for the disclosure of the information containing in this quarterly report:

www.moesk.ru

Main information on the issuer's securities offered:

Type: **registered uncertificated shares**

Category (type): **ordinary**

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

Par value: **0.5 rubles**

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

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

The body which carried out the state registration:

Federal Financial Markets Service

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

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

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

The Prospectus for Securities was registered by the Federal Financial Markets Service on 29 December 2005

In the III quarter of the year 2006 the issuer placed unconvertible interest certificated bearer bonds of series 01 (state registration number 4-01-65116-D as of 22 June 2006).

The main data on the securities of the issue:

type: **bearer bonds**

series: **01**

Full name of securities: **certificated unconvertible interest bearer bonds of series 01 with the obligatory centralized storage**

Quantity of the placed securities: **6,000,000 (six million) pieces**

Par value: **1,000 (one thousand) rubles.**

Way of placement of securities: - **public subscription**

Date of the state registration of the issue and the prospectus for securities: **22 June 2006**

Commencement date of the securities placement- **12 September 2006**

Closing date of the securities placement – **12 September 2006**

Price of placement: **1,000 (one thousand) rubles for each bond**

Date of the state registration of the report on results of securities issuance: **24 October 2006**

Terms of securing-

The person who provided the security:

Full name: **"PROMTEKHNICA" Limited Liability Company.**

Abbreviated name: **PROMTEKHNICA LLC.**

TIN (taxpayer identification number): 7720528340

The location (legal address): 111402, Moscow, Veshnyakovskaya 4g

Postal address: 111402, Moscow, Veshnyakovskaya 4g

State registration number (PSRN): 1057747190049

The amount of securing (RUR): 8,400,000,000 (eight billion, four hundred million) rubles.

Bonds are not convertible.

The issuer did not place securities in the reporting period.

The issuer has been obliged to disclose the information in the form of a quarterly report since the quarter, during which the registration of the first prospectus for securities was carried out that is since quarter IV, 2005.

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

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

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

Issuer's governance bodies in accordance with its Charter (item 9.1. of Article 9) are

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

Structure of the Board of Directors of OJSC “Moscow United electric Grid Company”:

	<i>Name, patronymic, surname</i>	<i>Position</i>	<i>Born</i>
<i>1</i>	<i>Andrey Natanovich Rappoport</i>	<i>Chairman of the Board of Directors</i>	<i>1963</i>
<i>2</i>	<i>Alexander Nikolaevich Chistyakov</i>	<i>Deputy Chairman of the Board of Directors</i>	<i>1973</i>
<i>3</i>	<i>Anatoly Anatolievich Gavrilenko</i>	<i>Member of the Board of Directors</i>	<i>1972</i>
<i>4</i>	<i>Andrey Alexandrovich Demin</i>	<i>Member of the Board of Directors</i>	<i>1974</i>
<i>5</i>	<i>Vasily Alexandrovoich Zubakin</i>	<i>Member of the Board of Directors</i>	<i>1958</i>
<i>6</i>	<i>Andrey Anatolievich Kokin</i>		<i>1970</i>
<i>7</i>	<i>Alexey Anatolievich Matveev</i>	<i>Member of the Board of Directors</i>	<i>1963</i>
<i>8</i>	<i>Vsevolod Georgievich Pleshivtsev</i>	<i>Member of the Board of Directors</i>	<i>1950</i>
<i>9</i>	<i>Vladimir Nikolaevich Silkin</i>	<i>Member of the Board of Directors</i>	<i>1957</i>
<i>10</i>	<i>Wolfgang Skribot</i>	<i>Member of the Board of Directors</i>	<i>1966</i>
<i>11</i>	<i>Pavel Stepanovich Smirnov</i>	<i>Member of the Board of Directors</i>	<i>1952</i>
<i>12</i>	<i>Yury Ivanovich Trofimov</i>	<i>Member of the Board of Directors</i>	<i>1945</i>
<i>13</i>	<i>Dmitry Viktorovich Shtykov</i>	<i>Member of the Board of Directors</i>	<i>1976</i>

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

General Director of OJSC “Moscow United Electric Grid Company”

<i>Name, patronymic, surname</i>	<i>Born</i>
<i>Yury Ivanovich Trofimov</i>	<i>1945</i>

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

The Board of Directors was elected at the general meeting of shareholders which took place on 26 June 2006.

1.2. Data on the issuer’s bank accounts

Information on all settlement accounts of the issuer

Full and shortened company names of the credit organization	Location	TIN (taxpayer identification number) of the credit organization	Type of account	Number of account	BIC of the credit organization	Number of the correspondent account of the credit organization
<i>VTB Bank (Open Joint-Stock Company) (VTB Bank OJSC)</i>	<i>190000, St. Petersburg, Bolshaya Morskaya, 29</i>	<i>7702070139</i>	<i>In rubles, settlement</i>	<i>40702810500060021123</i>	<i>044525187</i>	<i>30101810700000000187</i>
<i>Open Joint-Stock Company Joint-Stock Commercial Bank “Agroimpuls” (OJSC JSCB “Agroimpuls”, “Moskovsky” branch)</i>	<i>127106, Moscow, Gostinichnaya street, 5, bld. 10</i>	<i>3664036384</i>	<i>In rubles, Settlement In rubles, Settlement</i>	<i>40702810300010000082 40702810900010000084</i>	<i>044552444</i>	<i>30101810300000000444</i>
<i>Open Joint-Stock Company Bank “Petrokommerts” (OJSC Bank “Petrokommerts”)</i>	<i>127051, Moscow, Petrovka street 24</i>	<i>7707284568</i>	<i>In rubles, settlement</i>	<i>40702810400000004712</i>	<i>044525352</i>	<i>30101810700000000352</i>
<i>Joint-Stock Commercial Bank “Bank of Moscow” (Open Joint-Stock Company) (OJSC “Bank of</i>	<i>107996 Russia, Moscow, Rozhdestvenka St, 8/15 bld. 3</i>	<i>7702000406</i>	<i>In rubles, settlement</i>	<i>40702810301050000069</i>	<i>044525219</i>	<i>30101810500000000219</i>

Moscow")						
Open Joint-Stock Company "ALFA-BANK" (OJSC "ALFA-BANK")	107078, Moscow, Kalanchevskaya street, 27	7728168971	In rubles, settlement	40702810701300000554	044525593	30101810200000000593
Joint-Stock Bank "Gazprombank (Close Joint-Stock Company) (JSB CJSC "Gazprombank")	117420, Moscow, Nametkina street, 16, bld. 1	7744001497	In rubles, settlement	40702810900000003645	044525823	30101810200000000823

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

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

Abbreviated company name: *HLB Vneshaudit CJSC*

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

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

e-mail: info@vneshaudit.ru

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

license for realization of auditor activities E 000548; issued on 25 June 2002 by The Ministry of Finance of the Russian Federation, for 5 years.

The financial years, for which the auditor held independent check of book keeping and financial (accounting) statements of the issuer: *the financial years 2005 and 2006.*

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

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

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

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

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

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

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

The procedure of the issuer's auditor selection:

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

Under the Decision of OJSC "MOESK" as of 13 December 2006 (Minutes 37 as of 15 December 2006), the Company created the Audit Committee under the Board of Directors of OJSC "MOESK", the competence of which among other issues includes "issue of preparation for the Company Board of Directors of the recommendations concerning a nominee of the Company Auditor, which shall be elected from among the independent auditors possessing high professional reputation, for the subsequent approval of this nominee by the Company General Shareholder Meeting; development of recommendations on the conditions of carrying out of the competitive selection of the Company Auditor, participation in carrying out the competitive selection of the Company auditor in case of its carrying out".

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

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

«approval of the Company Auditor».

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

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

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

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

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

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

Actual amount of the auditor's remuneration paid by the issuer to the auditor following the results of each financial year, for which the auditor held an independent check of the issuer's book keeping and financial (accounting) statements:

For the year 2005: RUR 280,000, VAT excluded

For the year 2006: RUR 280,000, VAT excluded

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

1.4. Data on the issuer's appraiser:

In the reporting quarter, the issuer did not involve the appraiser for definition of the market value of the fixed assets, in relation to which the issuer carried out the reassessment of the value reflected in subitem 3.6.1 of the quarterly report.

The full company name of the appraiser: ***Closed Joint-Stock Company "CIS Deloitte & Touche"***

The shortened company name of the appraiser: ***CJSC "CIS Deloitte & Touche"***

The location of the appraiser: ***125009, Moscow, Vozdvizhenka street, 4/7, bld. 2, Business Center "Mokhovaya"***

The number of the license for realization of valuation activities: ***004646***

The date of license granting: ***1 August 2002***

The validity of the license for realization of valuation activities: ***1 August 2007***

The agency which issued the license for realization of valuation activities: ***The Ministry of Property Relations of the Russian Federation***

The information on valuation services which are (were) rendered by the appraiser: ***definition of the market value of the fixed assets, in relation to which the issuer carried out the reassessment of the value reflected in subitem 3.6.1 of the quarterly report.***

The issuer did not involve appraiser for:

Definition of the market value of placed securities and securities in the process of placement, which are offered (obligations under which have not been executed);

Definition of the market value of the property, which is a subject of mortgage under the issuer's placed bonds with mortgage security or the issuer's bonds in the process of placement with mortgage security, the obligations under which were not executed;

Provision of other appraisal services connected with realization of issuance of securities, the information about which is specified in the quarterly report.

1.5. Data on the issuer's advisers:

The financial adviser on the securities market that signed the prospectus for securities (ordinary uncertificated shares; the state registration number and the date of the state registration of the issue is 1-01-65116-D as of 31 May 2005):

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

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

The location: ***105066 Moscow, Alexandra Lukianova street 3***

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

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

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

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

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

The services rendered by the adviser:

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

The financial adviser for the securities market, and other persons rendering consulting services to the issuer, which are connected with the issuance of securities (bonds) and who signed the prospectus for securities were not involved by the issuer.

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

Acting General Director: *Andrey Vladimirovich Mayorov, First Deputy General Director for Production – Chief Engineer*

Contact tel. number: *(495) 957-1210*

Fax: *(495) 957-2612*

There are no other persons who signed the issuer's quarterly report and who were not mentioned in the above items of this section.

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

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

Indicators of financial and economic activity of the issuer for the last 5 completed financial years are not specified in connection with the fact that the issuer was registered as a legal person on 1.04.2005

Indicators of financial and economic activity at the dates of the end of 2005 and 2006 and at the date of the end of the first quarter of current financial year are specified.

The indicators describing the issuer's financial standing:

<i>Indicator</i>	<i>2005</i>	<i>2006</i>	<i>Q 1 2006</i>	<i>Q 1 2007</i>
<i>Net asset value of the issuer, RUR '000</i>	<i>27,135,086</i>	<i>30,863,843</i>	<i>28,861,397</i>	<i>43,434,639</i>
<i>Relation of the borrowed funds to the capital and reserves, %</i>	<i>19.20</i>	<i>57.20</i>	<i>17.28</i>	<i>42.40</i>
<i>Relation of the short-term liabilities amount to the capital and reserves, %</i>	<i>18.69</i>	<i>25.48</i>	<i>16.79</i>	<i>20.67</i>

<i>Cover of payment for debt service, %</i>	<i>43.54</i>	<i>38.17</i>		
<i>Level of the debt overdue, %</i>	<i>1.64</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Receivables turnover, times</i>	<i>5.51</i>	<i>3.25</i>	<i>1.91</i>	<i>0.93</i>
<i>Share of dividend in the profit*, %</i>	<i>3.86*</i>	<i>-</i>	<i>3.86*</i>	<i>-</i>
<i>Labour productivity, RUR '000/person</i>	<i>1 204.68</i>	<i>2 428.20</i>	<i>646</i>	<i>865.72</i>
<i>Depreciation to the amount of proceeds, %</i>	<i>8.47</i>	<i>6.96</i>	<i>6.56</i>	<i>9.28</i>

** 2005 dividend per ordinary shares, the indicator was calculated after approval by the general meeting of shareholders on 26 June 2006.*

The issuer's net assets as of the date of the end of 2006 equaled RUR 30,863,843 thousand. The sizable amount of net assets is explained by the issuer's activities peculiarities. The primary business of OJSC "MOESK" is rendering paid services on transmission of electric energy to the city of Moscow and the Moscow region. The Company's primary task is transformation, distribution and supply of electricity to consumers. The company's structure includes more than 600 high-voltage substations (they belong to the company on the basis of a right of ownership), over 16 thousand km of overhead and cable high-voltage transmission lines, nearby 60 thousand km of distribution grids. The year 2006 saw a growth of the issuer's net asset value in comparison with 2005 (by more than 13.74%), which is a positive factor. The substantial growth of the issuer's net asset value is explained by putting the fixed capital of OJSC "MOESK" into operation and growth of the Company's 2006 Investment Program, the volume of which is more than in 2005 and is caused by a necessity of liquidation of deficiency of electric capacity in the Moscow region.

As from the date of the state registration of the issuer (01.04.2005) up to the date of the end of the first quarter 2007, the issuer's authorized capital remained constant. As at 31.03.2007 the issuer's authorized capital was RUR 14,124,679,850. The structure of the issuer's authorized capital has no preferred shares. The additional capital of OJSC "MOESK" for 2006 decreased by RUR 887 thousand as a result of writing-off fixed assets.

As the date of the end of the 1st quarter of 2007, the issuer's additional capital equaled RUR 19,892,311 thousand. In the 1st quarter of the current year the additional capital increased as a result of reassessment of the issuer's fixed assets by the group machines and equipment.

The issuer uses both own sources and short-term and long-term sources of extra financing.

The "Capital and Reserves" article takes up a significant space in the structure of the issuer's balance. It consists, according to the issuer's reporting, of the authorized, additional capital and unallotted profit. The share of the "Capital and Reserves" in the structure of the balance is 63.61%. Long-term loans and credits are 13.24% of the book value at the date of the end of the year 2006.

At the date of the end of the 1st quarter of 2007, the share "Capital and reserves" in the structure of the balance sheet is 70.22%. Long-term loans and credits are 10.20%.

The indicators of the relation of the borrowings to the capital and reserves and the relation of short-term liabilities to the capital and reserves are indicators of financial dependence. The less these indicators are, the less the company financial lever is; this proves a greater financial independence of the company.

The indicator of the relation of the borrowings to the capital and reserves at the date of the end of 2006 was 57.20%. The increase in the indicator of the relation of the borrowings to the capital and reserves in comparison with the similar period of the previous year is connected with a growth of long-term obligations in the form of attraction of the bonded loan for the amount of 6,000,000 thousand rubles.

The indicator of the relation of the short-term obligations amount to the capital and reserves shows dependence of the Company from short-term borrowings.

At the date of the end of 2006, the indicator of the relation of the amount of short-term obligations to the capital and reserves was fixed at the level of 25.48%. A growth of short-term obligations of the issuer in 2006 in comparison with 2005 is present. This is not a negative factor. Occurrence of short-term accounts payable is caused by advance payments received under contracts of engineering connection. The short-term debts will not be repaid by money resources; they will be closed after performance of works on connection of consumers.

The indicator of covering of payments for servicing debts at the date of the end of 2006 is 38.17%, which characterizes the ability of the issuer to cover its obligations using net profit as follows: approximately RUR 38.17 of the covering by net profit of the reporting period and the depreciation charged in the reporting period are per RUR 100 of obligations.

The issuer has no delayed debts at 31.03.2007.

The positive factor describing financial and economic activity of the Company is also an increase in labour productivity in 2006 in comparison with the similar period of previous year.

In order to calculate the specified indicators, the method recommended by the Regulations for the Information Disclosing by Issuers of Equity Securities was used, which was approved by Order of Federal Financial Markets Service as of 10 October 2006 No. 06-117/pz-n (06-117/n3-n).

Net assets are calculated according to the procedure of estimation of the net asset value of the joint-stock company approved by Order of the Ministry of Finance of Russia and Federal Commission for the Securities of Russia No. 10n/03-6/pz (No.10n/03-6/n3) as of 29 January 2003.

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

2.2. Issuer's market capitalization

The information on the issuer's market capitalization for 5 completed financial years is not specified in connection with the fact that the issuer was registered as a legal entity on 01.04.2005.

The information is specified as at the date of the end of the years 2005, 2006 and as at the date of the end of the reporting quarter of the current financial year.

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

For the purposes of this paragraph, the issuer's market capitalization at 31 December 2005 is defined on the basis of the net asset value. Calculation of net asset value of OJSC "Moscow United Electric Grid Company" is made under the method specified in "Procedure of estimation of net asset value of joint-stock companies" approved by Order of the Ministry of Finance of Russia and Federal Commission for the Securities of Russia as of 29 January 2003 No. 10n/03-6/pz (10n/03-6/n3).

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

The Company's shares are included in "B" quotation lists of Closed Joint Stock Company "Moscow Interbank Currency Exchange" and Open Joint Stock Company "Russian Trading System" Stock Exchange.

The market capitalization for 2006 and at the date of the end of the first quarter of the current financial year is calculated as product of total of shares of the respective category (type) and the market price of one share disclosed by the securities market trade organizer and defined according to the Procedure of Calculation of the Market Value of Equity Securities and Investment Units of Unit Investment Funds Admitted to be Outstanding through Trade Organizers approved by the Decision of Federal Commission for Securities of Russia as of 24 December 2003 No.03-05/ps (No.03-52/nc).

In order to calculate the Company market capitalization, the data on the market value of one share disclosed by Closed Joint Stock Company "Moscow Interbank Currency Exchange" are used.

The market capitalization of OJSC "Moscow United Electric Grid Company"

<i>Period</i>	<i>Quantity of shares, pcs</i>	<i>Market value of one share at the date of the last day of the reporting period, RUR</i>	<i>Capitalization, RUR</i>
<i>Q 1 2006</i>	<i>28,249,359,700</i>	<i>0.6800</i>	<i>19,209,564,596.00</i>
<i>Q 2 2006</i>	<i>28,249,359,700</i>	<i>0.5400</i>	<i>15,254,654,238.00</i>
<i>Q 3 2006</i>	<i>28,249,359,700</i>	<i>1.7980</i>	<i>50,792,348,740.60</i>
<i>Q 4 2006</i>	<i>28,249,359,700</i>	<i>2.7040</i>	<i>76,386,268,628.80</i>
<i>Q 1 2007</i>	<i>28,249,359,700</i>	<i>3.4060</i>	<i>96,217,319,138.20</i>

2.3. Issuer's liabilities

2.3.1. Accounts payable

The structure of the issuer's accounts payable with a specification of the term for liabilities execution for 2006 and for the date of the end of the first quarter of the current financial year:

The structure of the issuer's accounts payable for 2006:

<i>Accounts payable name</i>	<i>Maturity term</i>	
	<i>Up to one year</i>	<i>Over one year</i>
<i>Accounts payable to the suppliers and contractors, '000 RUR</i>	<i>5,602,683</i>	<i>-</i>

<i>including those overdue, '000 RUR</i>	-	X
<i>Accounts payable to the personnel of the organization, '000 RUR</i>	7,837	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Accounts payable to the budget and state non-budgetary funds, '000 RUR</i>	43,664	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Credits, '000 RUR</i>	-	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Loans, total, '000 RUR</i>	-	6,403,715
<i>including those overdue, '000 RUR</i>	-	X
<i>including bonded loans, '000 RUR</i>	-	6,000,000
<i>including bonded loans overdue, '000 RUR</i>	-	X
<i>Other accounts payable, '000 RUR</i>	2,092,473	3,146,523
<i>including those overdue, '000 RUR</i>	-	X
<i>Sum total, '000 RUR</i>	7,746,657	9,550,238
<i>including those overdue, '000 RUR</i>	-	X

No accounts payable overdue are present as of 31.12.2006.

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

none

The structure of the issuer's accounts payable for the 1st quarter of 2007:

<i>Accounts payable name</i>	<i>Maturity term</i>	
	<i>Up to one year</i>	<i>Over one year</i>
<i>Accounts payable to the suppliers and contractors, '000 RUR</i>	3,360,739	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Accounts payable to the personnel of the organization, '000 RUR</i>	283,570	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Accounts payable to the budget and state non-budgetary funds, '000 RUR</i>	177,200	-

<i>including those overdue, '000 RUR</i>	-	X
<i>Credits, '000 RUR</i>	-	-
<i>including those overdue, '000 RUR</i>	-	X
<i>Loans, total, '000 RUR</i>	-	6,281,972
<i>including those overdue, '000 RUR</i>	-	X
<i>including bonded loans, '000 RUR</i>	-	6,000,000
<i>including bonded loans overdue, '000 RUR</i>	-	X
<i>Other accounts payable, '000 RUR</i>	4,962,551	3,120,191
<i>including those overdue, '000 RUR</i>	-	X
<i>Sum total, '000 RUR</i>	8,784,060	9,402,163
<i>including those overdue, '000 RUR</i>	-	X

No accounts payable overdue are present as of 31.03.2007.

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

none

2.3.2. Issuer's credit history

At 31.03.2007, there are no operating credit contracts, the amount of the principle debt under which is or exceeds 5% of the balance sheet assets of the issuer at the date of the end of the last completed quarter prior to signing the respective contract.

Information on material credit contracts and/or contracts of loan as of 31.03.2007 (RUR)

<i>Liability name</i>	<i>Creditor (debtee) name</i>	<i>Amount of the principle debt (RUR'000)</i>	<i>Term of repayment</i>	<i>Presence of a delay in execution of the liability with regard to the payment of the amount of the principle debt or interest</i>
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<i>Liability name</i>	<i>Creditor (debtee) name</i>	<i>Amount of the principle debt (RUR'000)</i>	<i>Term of repayment</i>	<i>Presence of a delay in execution of the liability with regard to the payment</i>
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		<i>(RUR'000)</i>		<i>of the amount of the principle debt or interest</i>
<i>Credit line</i>	“ALFA-BANK” OPEN JOINT-STOCK COMPANY	2,350,000,000.00	12.09.2006	None

In the 3rd quarter of 2006, the issuer placed unconvertible interest certificated bearer bonds of series 01 (state registration number is 4-01-65116-D as of 22 June 2006) with the repayment term on the 1820th day from the date of the beginning of placement of bonds of the issue.

The volume of the securities issue at par value: **6,000,000,000 (six billion) rubles, 17.75% of the issuer's balance sheet assets as of 31 March 2006**

The date of the state registration of the report on results of the securities issuance: **24 October 2006**

The number of securities of the issue: **6,000,000 (six million) pieces**

The par value of each security of the issue: **1,000 (one thousand) rubles**

The total amount of the income per the first coupon paid under the issuer's Bonds is 240,840,000 (two hundred and forty million, eight hundred and forty thousand) rubles; the amount of interest and (or) other income paid under one Bond of the issuer is 40 (forty) rubles and 14 (fourteen) kopecks.

Date, at which the obligation on payment of the income per the first coupon under the Bonds was executed:

13 March 2007

The issuer's obligation on payment of the income per the first coupon under the Bonds was executed.

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

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

For the period from the date of the beginning of the current financial year up to the date of the end of the reporting quarter, the issuer did not grant security to the third parties for the amount which is at least 5 percent of the issuer's balance sheet assets at the date of the end of the last completed quarter prior to the granting of the securing.

2.3.4. Issuer's other liabilities

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

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

The issuer did not implement placement of the securities by subscription in the reporting period.

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

2.5.1. Industry risks

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

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

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

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

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

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

The issuer's actions for these risks reduction:

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

Besides, the issuer is subject to industrial risks:

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

requirements; mistakes of operational personnel; disruption of the dispatching schedule and breach of discipline.

The issuer's actions to reduce these risks:

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

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

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

The issuer's actions to reduce these risks:

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

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

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

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

The issuer's actions to reduce these risks:

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

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

2.5.2. Country and regional risks

Country risks

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

Regional risks

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

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

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

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

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

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

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

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

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

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

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

2.5.3. Financial risks

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

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

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

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

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

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

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

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

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

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

Influence of inflation:

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

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

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

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

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

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

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

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

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

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

The probability of their occurrence is estimated as low.

2.5.4. Legal risks

The legal risks connected with the issuer's activities:

Changes of the currency regulation:

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

Changes of the tax laws:

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

This risk is considered as insignificant.

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

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

Changes of rules of the customs control and duties:

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

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

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

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

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

The probability of change of judiciary practice concerning the items connected with the Company activities is insignificant. The legal risk management is based on optimization of the process of legal

official registration of papers and support of activities of the Company. For minimization of legal risks, any Company business processes subject to risks (for example, the completion of contracts), pass obligatory legal examination.

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

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

2.5.5. Risks connected with the issuer's activities

The risks which are peculiar exclusively to the issuer:

There is a risk of a delay in reception of the licenses which are necessary for realization of certain kinds of the company activities in connection with changes of the legislation in the field of license granting with coming in effect of the Federal Law as of 2 July 2005 No. 80-FZ (80-FL) "Amending the Federal Law "On granting licenses for certain activities", the Federal Law "Protection of rights of legal entities and individual businessmen at carrying out the state control (supervision)" and the Administrative Offences Code of the Russian Federation".

There is a risk of a delay in renewal of licenses, which is connected with the company re-structuring.

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

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

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

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

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

This section 2.5 describes only the risks which, in the issuer's opinion, are material. There may be other risks which were not included in this section.

Other risks the issuer is unaware of, or which are now not material for the issuer, may have a potential negative impact on the issuer's economic activities.

III. Detailed information on the issuer

3.1. Issuer's establishment and development history

3.1.1. Data on the issuer's name

The issuer's full company name in Russian:

Открытое акционерное общество «Московская объединенная электросетевая компания»

The issuer's full company name in English:

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

The issuer's shortened company name in Russian:

ОАО «Московская объединенная электросетевая компания»;
ОАО «МОЭСК»

The issuer's shortened company name in English:

OJSC "Moscow United Electric Grid Company"
OJSC "MOESK".

The current name was put into effect on *14 September 2006*.

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

According to the decision of the annual general shareholders meeting of OJSC "Moscow Regional Electric Grid Company" as of 26 June 2006 (Minutes No. 3 as of 6 July 2006), changes were made to the Company Charter which are connected with its company name.

The previous full company name of the issuer in Russian:

Открытое акционерное общество «Московская областная электросетевая компания»

In English: *Open Joint-Stock Company "Moscow Regional Electric Grid Company"*

The previous shortened company name of the issuer in Russian:

ОАО «Московская областная электросетевая компания»

In English: *OJSC "Moscow Regional Electric Grid Company"*

3.1.2. Data on the state registration of the issuer

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

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

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

3.1.3. Data on the issuer's creation and development

Time of existence of the issuer from the date of its state registration (1 April 2005) is 2 years.

The issuer was established for an indefinite time.

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

Open Joint-Stock Company "Moscow United Electric Grid Company", renamed from OJSC "Moscow Regional Electric Grid Company" (Minutes No. 3 of the annual general shareholder meeting of OJSC "Moscow Regional Electric Grid Company" as of 6 July 2006) was created as a result of reorganization of OAO Mosenergo in the form of a spin-off (Minutes No.1 as of 29 June 2004 of the annual General shareholders meeting of OAO Mosenergo).

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

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

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

- rendering services on transmission and distribution of electric energy;*
- rendering services on connection to electric grids;*
- rendering services on gathering, transmission and processing of the technological information, including the measurements and registration;*
- diagnostics, operation, repair of electric grids and other electric grid facilities and technological management by them;*
- diagnostics, operation, repair of technological communication networks, means of measurements and calculation, equipment of relay protection and emergency preventive automatics and other technological equipment connected with operation of grid facilities and technological management by them;*

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

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

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

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

3.1.4. Contact information

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

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

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

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

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

Email: odou@moesk.ru

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

www.moesk.ru

The functions of the issuer's special division for shareholders and investors relations are assigned to the Corporate Administration of OJSC "Moscow United Electric Grid Company"

The location: *115114, Moscow city, Derbenevskaya emb., 7, bld. 14*

Telephone number: *(495) 984-57-67, 984-57-72*

Fax: *(495) 984-58-17*

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

3.1.5. Taxpayer identification number

TIN is 5036065113

3.1.6. Branches and representative offices of the issuer:

<i>Name of the representative office/ branch</i>	"Southern Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	142117, Moscow, Kashirskoe shosse, 18

<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Alexander Igorevich Raev Term of the effect of the power of attorney: 01.08.2007 № 198-Д as of 14.11.2006
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<i>Name of the representative office/ branch</i>	"Eastern Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	142400, Moscow, Nizhnyaya Krasnoselskaya street, 6, bld. 1
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Stepan Stepanovich Shkrablyak Term of the effect of the power of attorney: 01.08.2007 № 204-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	"Oktybrskie Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	141070, Moscow city, Rustavelli street, 2
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	Andrey Isaevich Mazurov Term of the effect of the power of attorney: 01.08.2007 № 194-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	"Northern Electric Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	142400, Korolev, Gagarina street, 4
<i>Full name of the director of the representative office/ branch,</i>	

<i>Name of the representative office/ branch</i>	"Northern Electric Networks"
<i>Term of the effect of the power of attorney</i>	Valentin Mikhailovich Bodyakin Term of the effect of the power of attorney: Till 01.08.2007 № 189-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	"Noginsk Electric Networks"
<i>Date of opening</i>	01.04.2005
<i>Location</i>	142400, Moscow region, Noginsk, Radchenko street 13
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Leonid Nikolaevich Danilkin</i> Term of the effect of the power of attorney: till 01.08.2007 № 193-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	"Podolsk Electric Networks"
<i>Date of opening</i>	01.04.2005
<i>Location</i>	142117, Moscow region, Podolsk, Kirova street, 65
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Alexander Nikolaevich Philipov</i> Term of the effect of the power of attorney: till 01.08.2007 № 201-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	"Kolomenskie Electric Networks"
<i>Date of opening</i>	01.04.2005
<i>Location</i>	140408, Moscow region, Kolomna city, Oktyabrskoi revolyutsii street 381a
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Alexander Vasilievich Nagin</i> Term of the effect of the power of attorney: till 01.08.2007 № 196-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	“Shatura Electric Networks”
<i>Date of opening</i>	01.04.2005
<i>Location</i>	140700, Moscow region, Shatura city, Sportivnaya street 12
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Vladimir Alexeevich Smirnov</i> Term of the effect of the power of attorney: till 01.08.2007 № 199-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	“Western Electric Grids”
<i>Date of opening</i>	01.04.2005
<i>Location</i>	121170, Moscow city, 1812 goda street, estate 15
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Alexander Igorevich Yakunin</i> Term of the effect of the power of attorney: till 01.08.2007 № 205-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	“Kashira Electric Networks”
<i>Date of opening</i>	01.04.2005
<i>Location</i>	142900, Moscow region, Kashira city, Klubnaya street, 4
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Alexander Semenovich Varfolomeev</i> Term of the effect of the power of attorney: till 01.08.2007 № 191-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	“Mozhaiskie Electric Networks”
<i>Date of opening</i>	01.04.2005
<i>Location</i>	143200, Moscow region, Mozhaisk city, Mira street, 107
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Alexander Mikhailovich Boyar</i>

<i>Name of the representative office/ branch</i>	“Mozhaiskie Electric Networks”
	Term of the effect of the power of attorney: till 01.08.2007 № 190-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	“Dmitrovskie Electric Networks”
<i>Date of opening</i>	01.04.2005
<i>Location</i>	141800, Moscow region, Dmitrov city, Kosmonavtov street 46
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Vladimir Alexeevich Shitin</i> Term of the effect of the power of attorney: till 01.08.2007 № 202-Д as of 14.01.2006

<i>Name of the representative office/ branch</i>	“Volokolamsk Electric Networks”
<i>Date of opening</i>	01.04.2005
<i>Location</i>	143600, Moscow region, Volokolamsk city, Novosoldatskaya street 58
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Vladimir Antonovich Malakhov</i> Term of the effect of the power of attorney: till 01.08.2007 № 195-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	“Moskabelenergoremont” (MKER)
<i>Date of opening</i>	01.04.2005
<i>Location</i>	115569, Moscow, Shipilovskaya street13, bld.2
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Sergey Alexandrovich Panin</i> Term of the effect of the power of attorney: till 01.08.2007 № 197-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	Electric Technical Equipment Repairing Plant (RETO)
<i>Date of opening</i>	01.04.2005
<i>Location</i>	152201, Moscow, Starokashirskoe shosse 4a
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Alexander Petrovich Vasiliev</i> Term of the effect of the power of attorney: till 01.08.2007 № 192-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	“Moskabelsetmontazh” (MKSM)
<i>Date of opening</i>	01.04.2005
<i>Location</i>	107140, Moscow city, Nizhnyaya Krasnoselskaya street 6
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Vladimir Sergeevich Artamonov</i> Term of the effect of the power of attorney: 01.08.2007 № 188-Д as of 14.11.2006

<i>Name of the representative office/ branch</i>	"High-Voltage Cable Networks"
<i>Date of opening</i>	1 April 2005
<i>Location</i>	107140, Moscow, Nizhnyaya Krasnoselskaya, 6, bld. 1
<i>Full name of the director of the representative office/ branch, Term of the effect of the power of attorney</i>	<i>Gennandy Emmanuilovich Trakhtenberg</i> Term of the effect of the power of attorney: till 01.08.2007 № 200-Д as of 14.11.2006

3.2. Issuer's main economic activities

3.2.1. Issuer's industry

Codes of the main kinds of economic activities of the issuer under the All-Russian Classifier of Economic Activities (OKVED):

40.10.2 28.11 31.10.9 31.20 31.20.9 31.62.9 33.20 40.10.3 41.00 45.11 45.2
45.3 45.4 55.12 55.23 55.51 60.10 63.12 63.21.2 63.40 64.20 70.12
70.20 90.00

3.2.2 Issuer's main economic activities

The main kind of economic activities of OJSC "Moscow United Electric Grid Company" is electric power transmission.

The information on the main kinds of economic activities (kinds of activity, kinds of products (works, services) for the last 5 completed financial years is not specified in connection with the fact that the issuer was registered as a legal person on 01.04.2005.

The information is specified on the main kinds of economic activities (kinds of activity, kinds of products (works, services) for 2005, 2006 and for the first quarter of the current financial year.

The main lines of economic activities (lines of activities, types of products (works, services)) which provide at least 10 percent of proceeds (gains) of the issuer.

<i>Indicator</i>	<i>2005</i>	<i>2006</i>	<i>Q 1 2006</i>	<i>Q 1 2007</i>
<i>Economic activity: Volume of proceeds (gains) from electric power transmission ('000 RUR)</i>	<i>11,365,550</i>	<i>22,282,966</i>	<i>6,297,038</i>	<i>7,050,214</i>
<i>Share of the volume of proceeds (gains) from electric power transmission in the total volume (gains) of the issuer, %</i>	<i>92.75</i>	<i>87.56</i>	<i>97.04</i>	<i>77.49</i>

The issuer's goal is to provide reliable functioning of grid facilities in Moscow and Moscow region. The issuer is the largest regional power supplying companies which serve 1.4 million of consumers in total on the territory of more than 47 thousand sq. km. In this connection the share of proceeds from electric power transmission for the first quarter of the current financial year is 77.49% in the total amount of proceeds.

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

<i>Indicator</i>	<i>In 2006 in comparison with 2005</i>	<i>In Q I 2007 in comparison with Q I 2006</i>
<i>A growth of gains (proceeds) from primary economic line of activities in relation to the previous year, %</i>	<i>96.06</i>	<i>11.96</i>

Since the issuer was registered as a legal entity on 01.04.2005 and started its independent economic activity in the second quarter of 2005, it is not correct to compare indicators for the years 2005 and 2006.

In the 1st quarter of 2007, a growth of the issuer's gains (proceeds) from transmission of electric power in relation to the 1st quarter of 2006 was 11.96% that is connected mainly with a growth of production supply of electricity and implementation of the actions on decrease of electric energy losses in electrical grids.

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

The main economic activities do not possess seasonal attributes.

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

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

<i>Cost item</i>	<i>2006</i>
<i>Raw and other material, %</i>	<i>22</i>
<i>Purchased complementary parts, semi-finished products, %</i>	<i>-</i>
<i>Works and services of industrial character which are implemented by external organizations, %</i>	<i>-</i>
<i>Fuel, %</i>	<i>-</i>
<i>Energy, %</i>	<i>-</i>

<i>Spending on labour payment, %</i>	<i>15</i>
<i>Interest per credits, %</i>	<i>-</i>
<i>Rent payment, %</i>	<i>-</i>
<i>Assessments to social needs, %</i>	<i>3</i>
<i>Amortization of fixed assets, %</i>	<i>9</i>
<i>Taxes included in the production cost, %</i>	<i>-</i>
<i>Other costs:</i>	<i>51</i>
<i>Amortization under intangible assets, %</i>	
<i>Remuneration for innovations, %</i>	
<i>Obligatory insurance payments, %</i>	
<i>Representation expenses, %</i>	
<i>others, %</i>	
<i>Total: expenses for production and selling of products (works, services) (production cost), %</i>	<i>100.00</i>
<i>For reference: proceeds from sales of products (works, services), % to the production cost</i>	<i>132.33</i>

<i>Cost item</i>	<i>Q 1 2007</i>
<i>Raw and other material, %</i>	<i>3</i>
<i>Purchased complementary parts, semi-finished products, %</i>	<i>-</i>
<i>Works and services of industrial character which are implemented by external organizations, %</i>	<i>22</i>
<i>Fuel, %</i>	<i>-</i>
<i>Energy, %</i>	<i>24</i>
<i>Spending on labour payment, %</i>	<i>16</i>
<i>Interest per credits, %</i>	<i>1</i>
<i>Rent payment, %</i>	<i>9</i>
<i>Assessments to social needs, %</i>	<i>4</i>
<i>Amortization of fixed assets, %</i>	<i>11</i>
<i>Taxes included in the production cost, %</i>	<i>2</i>
<i>Other costs:</i>	<i>8</i>

<i>Amortization under intangible assets, %</i>	
<i>Remuneration for innovations, %</i>	
<i>Obligatory insurance payments, %</i>	
<i>Representation expenses, %</i>	
<i>others, %</i>	
Total: expenses for production and selling of products (works, services) (production cost), %	100
For reference: proceeds from sales of products (works, services), % to the production cost	129

New kinds of products offered by the issuer on the market of its primary activities, which have a material value (works, services), in a degree, in which this corresponds to the popular information on such types of production (works, services): none.

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

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

Regulations on Book Keeping "Accounting Policy of Organization" AR 1/98 (AR 1/98)

(approved by Order of the Ministry of Finance of the Russian Federation as of 9 December 1998 No. 60n (60н), amended as of 30 December 1999.)

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

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

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

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

The name and location of the issuer's suppliers that provide at least 10% of all deliveries of raw material (other material), and their shares in total amount of deliveries for the third quarter of the current financial year:

On the basis of the agency contract, Promtekhnik LLC is an agent of OJSC "MOESK" concerning a provision of inventory deliveries under the nomenclature, quantity, terms of delivery and price defined on the basis of the specifications signed by both the parties.

The name and location of the agent: *"PROMTEKHNIKA" Limited Liability Company, Moscow city, Derbenevskaya emb., 7, bld. 14*

Share in total amount of deliveries: *100%*

The issuer's suppliers, whose share is at least 10% of all deliveries of raw material (other material) are:

- 1. CJSC "Stroienergосervis" -111033, Moscow, Volochaevskaya street, 18;*
- 2. ABB "Moskabel" - 111024, Moscow, 2nd Kabelnaya street 2;*
- 3. LLC "Khorda" - 141009, Moscow region, Mytishi, 1st proezd Karla Marksa 3;*
- 4. LLC "Spectrum" - 117437, Moscow, Mikluho-Maklaya street, 22;*
- 5. LCC "ZABT" - 107076, Moscow, Stromynka street, 19, bld.2, estate 135;*
- 6. LLC "United Energy Technologies" - 109432, Moscow, 2nd Kozhukhovskiy lane, 29, bld. 2*
- 7. JSC "Rosneft-Moscow Plan "Nefteprodukt" - 105118, Moscow, Shosse Entuziastov street 40;*
- 8. JSC "Nefto-Servis" - 142400, Noginsk, Elektrostalskoe shosse street, 5*
- 9. LLC "Gazservis-Mozhaisk" - 143200, Moscow region, Mozhaisk city, Poleyaya street, 29*
- 10. LLC "Epigon" - 143100, Ruza, Socialisticheskaya street, 74B;*
- 11. JSC "Kratos" - 143200, Mozhaisk, Mira street, 93*
- 12. LLC "Energokomplekt" - Moscow, Butyrskiy Val street,18, bld. 2*
- 13. LLC "Stroyindustriya" - Moscow, Uchinskaya street, 8*

The information on an over 10 percent change of prices for the main raw material (other material) during the respective reporting period in comparison with the respective accounting period of the previous fiscal year or on absence of such change:

An over 10% price increase for the main raw material (other material) during the respective reporting period in comparison with the respective period of the previous fiscal year occurred under the following positions:

- *Wire (cable)*
- *Concrete poles*
- *Black and nonferrous metal (sheet, angle bars, disks)*
- *Petroleum, oil, lubricants (gasoline, diesel fuel, automobile oil)*
- *Transformer oil*
- *Insulators*

The share of the issuer's import in deliveries of for the specified periods:

There is no share of direct import in deliveries.

The issuer's forecasting on availability of these sources in the future and on possible alternative sources:

Availability of sources of raw material in the future is based on long-term contractual relations with suppliers; in this connection the issuer considers the risk of their inaccessibility in the future to be minimal. The issuer has alternative sources of raw material.

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

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

According to the purposes of creation, the issuer carries out primary activities on rendering of services on electric energy transmission in Moscow city and the Moscow region for a fee, where it is the largest organization among those rendering such services.

Possible factors, which can negatively affect selling by the issuer of its products (works, services) and possible actions of the issuer on reduction of such influence:

Major factors, which can negatively affect selling by the issuer of its products (works, services) are incomplete and untimely payment of services under the main kind of activity and occurrence of emergencies in the issuer's electric grids.

For the purpose of reduction of influence of negative factors on activity of the issuer, the primary goals are:

- Expansion of the sales market of services,*
- Optimization of production processes,*
- Decrease in costs when transmitting electric power,*
- Construction and modernization of equipment with application of modern technologies,*
- Attraction of contract organizations on taking readings of devices of electric power metering,*
- Formation of volumes of the rendered services on electric energy transmission and service of measuring complexes.*

3.2.5. Issuer's licenses

As of 31.03.2007, the issuer disposes of the following special permits (licenses):

1. Number: № ЭЭ-00-005288 (Э);

Date of issue: 18.04.2005;

Period of validity: till 18.04.2010;

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

Activity type: *activities on exploitation of electrical grids [reception, transmission and distribution of electricity; maintenance and repair of electrical grids].*

2. Number: № ЭТ-00-005244 (К);

Date of issue: 12.04.2005;

Period of validity: till 12.04.2010;

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

Activity type: *activities on exploitation of thermal grids [reception, transmission and distribution of thermal energy; maintenance and repair of thermal grids].*

3. Number: *№ XH-02-000430 (X);*

Date of issue: *24.06.2005;*

Period of validity: *till 24.06.2010;*

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

Activity type: *storage of oil, gas and products of their processing.*

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

Date of issue: *8 July 2005;*

Period of validity: *till 8 July 2010;*

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

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

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

Date of issue: *8 July 2005;*

Period of validity: *till 8 July 2010;*

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

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

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

Date of issue: *17 June 2005;*

Period of validity: *till 17 June 2010;*

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

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

7. Number: *No. GS-1-50-02-27-0-5036065113-032000-1 (ГC-1-50-02-27-0-5036065113-032000-1);*

Date of issue: *9 April 2007;*

Period of validity: *12 September 2010;*

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

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

8. Number: *No. GS-1-50-02-26-0-5036065113-031999-1 (ГC-1-50-02-26-0-5036065113-031999-1);*

Date of issue: *9 April 2007;*

Period of validity: *29 August 2010;*

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

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

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

Date of issue: *26 July 2005;*

Period of validity: *26 July 2010;*

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

Business line: *activities on measurement devices repairing.*

10. Number: *No. 37600;*

Date of issue: *23 December 2005;*

Period of validity: *23 December 2010;*

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

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

11. Number: *No. 37601;*

Date of issue: *23 December 2005;*

Period of validity: *23 December 2010;*

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

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

12. Number: *No. 37667;*

Date of issue: *23 December 2005;*

Period of validity: *23 December 2010;*

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

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

13. Number: *No. EV-02-000952 (K) (ЭВ-02-000952 (K));*

Date of issue: *20 October 2006;*

Period of validity: *29 June 2011;*

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

Business line: *Maintenance of explosive industrial objects, where the equipment operating under superfluous pressure of more than 0.07 MPa or at the temperature of water heating of more than 115 degrees Celsius is applied*

14. Number: *No. 8924;*

Date of issue: *27 July 2006;*

Period of validity: *27 July 2009;*

Authority that issued the special permit (license): *The Administration of the Federal Security Service of the Russian Federation for Moscow and Moscow Region;*

Business line: *the works connected with use of the state secret data.*

The issuer plans to receive a number of additional special permits (licenses) which are necessary for its normal functioning, including for the activities connected with hazardous wastes.

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

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

3.2.6. Issuer's joint activities

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

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

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

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

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

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

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

3.3. Issuer's plans of the future activities

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

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

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

The sources of the future incomes:

OJSC "Moscow United Electric Grid Company" plans the following sources of incomes:

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

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

OJSC "Moscow United Electric Grid Company" plans to continue works on reconstruction and re-equipment of operating electric grids and corresponding equipment in the nearest future.

The technological goals of investments in the future will be a change of the existing worn out equipment by new highly productive transmission equipment.

The Issuer plans to connect new consumers. The connection of new consumers presupposes the technological connection of power receiving devices to electric grids. It will make it possible for the issuer to increase reliability and quality of power supply due to the installation of highly technological equipment having expanded the customer database at the same time.

The introduction of payment for the connection of new consumers in Moscow and Moscow region pursuant to Regulation of Distribution Power Company of Moscow dd. 15.08.2006 #28, Instruction of the Fuel and Energy Complex of Moscow region dd. 29.05.2006 #14/05-05, Regulation of Distribution Power Company of Moscow dd. 08.09.2006 #39 will give additional possibilities for the reconstruction and re-equipment of the company's electric grid equipment, introduction of modern technologies, reliability and safety increase in function of electric grids of Moscow and Moscow region.

In 2007 the Company plans to spend more than 45 billion rubles for strengthening the power system of the Moscow region. Sources of financing of the Company's investment program are borrowed means,

means from placement of the bonded loan, payment for technological connection to electric networks, purchase of equipment under the leasing scheme.

The program is directed to increase of reliability of power supply of consumers, increase in transmission capacity of networks, non-admission of occurrence of deficiency of capacity in conditions of a prompt growth of power consumption.

A probable change of the principle activity.

The issuer's activity is connected with power transmission. The issuer doesn't plan to change the principle activity.

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

The issuer is part of the holding - Russian open joint-stock company of energy industry and electrification "UES of Russia" (JSC RAO "UES of Russia").

Term of participation of the issuer in the holding:

Since 1 April 2005 (since the date of the state registration of the issuer) the Company is a subsidiary society of JSC RAO "UES of Russia" and is a part of a united energy system of Russia.

Place and functions of the issuer in the organization: being a subsidiary of JSC RAO "UES of Russia", the issuer plays a key role in formation of the Moscow regional energy system, is focused on performance of the following functions:

- Realization of a uniform energy policy of JSC RAO "UES of Russia" on the regional level;*
- Maintenance of the reliability of functioning of the electro power complex;*
- Realization of long-term investment programs in electric power industry and so forth*

3.5. Issuer's subsidiaries and dependent economic companies

The personal structure of the governance bodies of subsidiaries and dependent entities is specified on the basis of the information provided by specified entities.

1. The full company name: *Open Joint-Stock Company "Energocenter"*

The shortened company name: *OJSC "Energocenter"*

The location: *142117, Moscow region, Podolsk city, Kirova street, 65*

The basis of recognition of the company to be a subsidiary and/or a dependent entity: *OJSC "Moscow United Electric Grid Company" owns more than 20% of the voting shares of OJSC "Energocenter"*

The amount of the issuer's stake in the authorized capital of the subsidiary and/or dependent entity: **50%**

The amount of ordinary shares of the subsidiary and/or dependent entity belonging to the issuer: **50%**

The stake of the subsidiary and/or dependent entity in the issuer's authorized capital: **0%**

The amount of the issuer's ordinary shares belonging to the subsidiary and/or dependent entity: **0%**

The main business line of the company: ***Realization of investment activities, rendering of services on connection to electric grids, development of electric networks and other electric grid facilities, including designing, engineering researches, construction, reconstruction, re-equipment, installation and adjustment***

Estimation of the value of this entity for the issuer's activities: ***High. In order to carry out control over the investment projects carried out by OJSC "Energocenter" and rendering of influence on the decisions taken by OJSC "Energocenter", in 2006 the Board of Directors of OJSC "MOESK" (Minutes No.38 as of 27 December 2006) approved participation of OJSC "MOESK" in OJSC "Energocenter" as a shareholder with the 50% stake of the authorized capital.***

Personal structure of the Board of Directors of OJSC Energocenter"

Board of Directors:

Oleg Anatolievich Kazakov, Chairman of the Board of Directors

Born: ***1948***

The person's stake in the issuer's authorized capital: ***0 %***

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

Valery Vladimirovich Nosov, Deputy Chairman of the Board of Directors

Born: ***1971***

The person's stake in the issuer's authorized capital: ***0 %***

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

Vladislav Valerievich Telepnev

Born: ***1981***

The person's stake in the issuer's authorized capital: ***0 %***

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

Evgeniy Anatolievich Kopanov

Born: ***1970***

The person's stake in the issuer's authorized capital: ***0 %***

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

Kharis Khamidulovich Ravilov

Born: ***1960***

The person's stake in the issuer's authorized capital: ***0 %***

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

Collegial executive body: it is not stipulated by the Charter

General Director: Evgeniy Anatolievich Kopanov

Born: ***1970***

The person's stake in the issuer's authorized capital: ***0 %***

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

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

3.6.1. Fixed assets

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

Reporting date: *31.12.2006*

Name of the group of fixed asset objects	Initial (recovery) value, '000 RUR	Amount of the accrued depreciation, '000 RUR
<i>Buildings</i>	<i>4,987,335</i>	<i>174,582</i>
<i>Structures and transfer mechanisms</i>	<i>15,951,955</i>	<i>1,150,408</i>
<i>Machines and equipment</i>	<i>11,287,640</i>	<i>1,385,287</i>
<i>Vehicles</i>	<i>105,904</i>	<i>92,541</i>
<i>Other types of fixed assets</i>	<i>274,471</i>	<i>36,018</i>
<i>Total, fixed assets</i>	<i>32,607,305</i>	<i>2,838,836</i>

Reporting date: *31.03.2007*

Name of the group of fixed asset objects	Initial (recovery) value, '000 RUR	Amount of the accrued depreciation, '000 RUR
<i>Buildings</i>	<i>5,023,160</i>	<i>207,239</i>
<i>Structures and transfer mechanisms</i>	<i>16,186,204</i>	<i>1,343,442</i>
<i>Machines and equipment</i>	<i>22,126,157</i>	<i>1,680,138</i>
<i>Vehicles</i>	<i>159,723</i>	<i>102,220</i>
<i>Other types of fixed assets</i>	<i>139,355</i>	<i>37,494</i>
<i>Total, fixed assets</i>	<i>43,634,599</i>	<i>3,370,533</i>

Amortization under the fixed asset objects is made by linear way, proceeding from the terms of efficient application of these objects.

The results of the last reassessment of the fixed assets as of 01.01.2007.

(RUR thousand)

Name of the group of fixed asset objects	Full value before carrying out the	Residual value before carrying out the	Full value before carrying out the reassessment	Residual value before carrying out the

	reassessment	reassessment (net of depreciation)		reassessment (net of depreciation)
<i>Machines and equipment</i>	<i>11,287,640</i>	<i>9,902,353</i>	<i>22,061,161</i>	<i>20,675,874</i>

Way of carrying out the reassessment: *Definition of full recovery value of the fixed assets under the direct recalculation method*

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

Business plan on investment activities for 2007 amounts to RUR 45,026,988 thousand, VAT excluded.

Own sources of financing - RUR 10,173,702 thousand, including:

- Amortization - RUR 2,618,985 thousand;

- Profit - RUR 7,554,717 thousand (profit of last years - RUR 225,395 thousand, profit of the financial year (including engineering connections) - RUR 7,329,322 thousand);

Borrowed funds - RUR 34,853,286 thousand.

- Bonded loan - RUR 10,000,000 thousand.

- The rest of the monetary flow from connections (payables) - RUR 11,385,575 thousand.

- Leasing - RUR 13,467,711 thousand.

In 2007 the amount of RUR 39,558,223 thousand (87.85%) is planned for reconstruction and technical re-equipment of operating power facilities with expansion of opportunity of connection of additional consumers; new construction - RUR 5,468,764 thousand (12.15%).

Putting into operation of fixed capital is planned for the amount of RUR 17,921,056 thousand (VAT excluded).

In 2007 it is planned to put into operation 1,038.15 km of transmission lines and 1,578.3 thousand kVA of transformers at 110-220 kV substations.

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

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

4.1.1. Profit and loss

Indicators showing the issuer's profitability and loss

Indicator	2005	2006	Q 1 2006	Q 1 2007
<i>Proceeds ⁽¹⁾, RUR '000</i>	12,254,106	25,447,566	6,489,428	9,098,711
<i>Gross profit, RUR '000</i>	2,140,538	6,216,655	2,383,678	2,632,523
<i>Net profit (unappropriated profit (uncovered loss)), RUR '000</i>	1,293,798	3,735,595	1,726,736	1,727,722
<i>Return on equity, %</i>	4.77	12.14	5.98	3.98
<i>Return on assets, %</i>	4.01	7.72	5.11	2.80
<i>Net returns ratio, %</i>	10.56	14.68	26.61	18.99
<i>Product profitability (return on products (sales)), %</i>	17.47	24.43	36.73	28.93
<i>capital turnover</i>	0.45	0.63	0.22	0.17
<i>Amount of uncovered loss as of the reporting date, RUR '000</i>	0	0	0	0
<i>Relation of uncovered loss as of the reporting date to the balance sheet assets</i>	0	0	0	0

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

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

The issuer's proceeds as of the date of the end of the the year 2006 equaled RUR 25,447,566 thousand that is by RUR 13,193,460 thousand more than for the similar period of the previous year.

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

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

Implementation of payment for connection of new consumers in Moscow and the Moscow region according to the Decision of the REC of Moscow as of 15.08.2006 №28, the order of the Fuel and Energy Complex of the Moscow Region as of 29.05.2006 №14/05-05, the Decision of the REC of Moscow as of 8.09.2006 №39 will give additional opportunities for reconstruction and modernisation of electric grid equipment of the company, implementation of modern technologies, increase of reliability and safety of operation of electric systems of Moscow and the Moscow region.

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

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

The return on assets at 31.12.2006 was 7.72%, while the return on equity was 12.14%. The economic interpretation of the returns indicators is as follows: they show how much rubles is per one ruble of the equity. Thus RUR 12.14 of net profit of the reporting period is per RUR 100 of the issuer's equity which proves a good level of profitability of the issuer's economic activities.

The capital turnover indicator, which is calculated as a relation of proceeds to the amount of own assets and long-term liabilities, shows, what part of long-term financial sources is covered by proceeds. The capital turnover at the date of the end of the year 2006 was 0.63.

The capital turnover indicator, first of all, characterizes the volume of sold products per 1 ruble of the assets invested in the enterprise's activities. Thus, this indicator for the issuer equals 0.63 ruble per 1 ruble of the cumulative indicator of own means and means in long-term use.

The way of calculation recommended by The Federal Financial Markets Service suggests calculation of the indicator of net profitability as the relation of net profitability of the reporting period to the proceeds for the similar period. Thus, the issuer's net profitability indicator is 14.68; this proves that every 100 rubles of proceeds bring 14.68 rubles of net profit.

There is no an uncovered loss at the end of the first quarter of the current financial year.

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

Indicator	2005.	2006	2006 / 2005, %
Proceeds from sales, RUR ' 000	12,254,106	25,447,566	207.67
Net profit (unappropriated balance) (uncovered loss),RUR '000	1,293,798	3,735,595	288.74

Indicator	<i>Q 1 2006</i>	<i>Q 1 2007</i>	<i>Q 1 2007 /Q 1 2006, %</i>
Proceeds from sales, RUR ‘ 000	<i>6,489,428</i>	<i>9,098,711</i>	<i>140.21</i>
Net profit (unappropriated balance) (uncovered loss),RUR ‘000	<i>1,726,736</i>	<i>1,727,722</i>	<i>100.06</i>

Since the issuer was registered as a legal entity on 01.04.2005 and started its independent economic activity in the second quarter of 2005, it is not correct to compare indicators for the years 2005 and 2006.

The proceeds from selling in the 1st quarter of 2007 were RUR 9,098,711 thousand that is by 40.21% more than the similar period of the last year.

The major factors which influenced the growth of the amount of proceeds from sales in the first quarter of 2007 in comparison with the similar period of the last year are:

- Increase in productive supply of electric power;*
- Carrying out of actions on decrease in losses of electric power.*

Opinions of the issuer's governance bodies concerning the information presented by the present item coincide.

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

Indicators that characterize the issuer's liquidity.

<i>Indicator</i>	<i>2005</i>	<i>2006</i>	<i>Q 1 2006</i>	<i>Q 1 2007</i>
<i>Working capital, RUR ‘000</i>	<i>(644,962)</i>	<i>(5,327,571)</i>	<i>883,756</i>	<i>(4,880,821)</i>
<i>Net fixed assets index</i>	<i>1.02</i>	<i>1.17</i>	<i>0.97</i>	<i>1.11</i>
<i>Current liquidity ratio</i>	<i>0.90</i>	<i>1.57</i>	<i>1.21</i>	<i>1.52</i>
<i>Acid test ratio</i>	<i>0.49</i>	<i>1.27</i>	<i>0.88</i>	<i>1.28</i>
<i>Equity asset ratio</i>	<i>0.84</i>	<i>0.64</i>	<i>0.85</i>	<i>0.71</i>

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

Own working capital - the share of own capital aimed to finance the issuer's working capital. For the issuer, this indicator is negative and at the date of the end of 2006 is RUR 5,327,571 thousand. This is connected with a significant growth in 2006 of the non-current assets in connection with commissioning of the fixed assets and with increase in the value of incomplete construction.

The net fixed assets index describing the share noncurrent assets and long-term accounts receivable of the issuer in the sources of own means was 1.17. This proves that the own funds for the analyzed period were enough for covering the non-current assets and long-term receivables.

The current liquidity index shows whether the enterprise has enough means which can be used for repayment of short-term obligations (in particular, accounts payable). At 31.12.2006, the current liquidity indicator was 1.57. This proves that the issuer has enough assets for repayment of short-term liabilities.

Acid test ratio is the relation of the most liquid assets of the company and accounts payable to current short-term obligations (less incomes of future periods). This indicator reflects payment opportunities of the enterprise for duly and fast repayment of the debts. For the issuer at 31.12.2006, the indicator was 1.27, which is a rather high indicator.

Equity asset ratio characterizes dependence of the enterprise on external sources of financing. The above its value, the more the issuer's financial independence. The value of the equity asset ratio at the date of the end of 2006 is 0.64. The level of equity asset ratio is the indicator of high financial independence of the issuer, since about 64 % of the total balance sheet assets is covered by own capital of the issuer. An insignificant decrease in the equity asset ratio is caused by attraction of means in the form of the bonded loan. A rather high level of the equity asset ratio reflects a stable financial position of the organization, favorable structure of its sources and low level of financial risk for investors.

As a whole the indicators of liquidity let us speak about a sufficient level of liquidity of the issuer, about an optimum relation of own and borrowed means.

Opinions of the issuer's governance bodies concerning the information presented in this item coincide.

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

4.3.1. Amount and structure of the equity and working capital

The amount and structure of the capital and working capital

The information for 2006

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

The amount of the authorized capital specified in the present section, corresponds to the Charter of the issuer.

b) Total value of the shares (stakes) of the issuer redeemed by the issuer for the subsequent resale (transfer), and specification of the percent of such shares (stakes) from the placed shares (the authorized capital) of the issuer: *none*

c) The amount of the reserve capital of the issuer formed due to contributions from the issuer's profit:

RUR 64,690 thousand.

d) The amount of the additional capital of the issuer reflecting an increase in the value of assets revealed after the reassessment, and the amount of the difference between the sale price (price of placement) and par value of the shares (stakes) of the company due to sale of the shares (stakes) at the price exceeding the par value: *RUR 9,118,789 thousand.*

e) The amount of the unallotted net profit of the issuer: *RUR 7,463,361 thousand.*

f) Total amount of the capital of the issuer: *RUR 30,771,520 thousand.*

The amount of the issuer's working capital according to the issuer's accounting reports:

'000 RUR

Current assets	2006
<i>Stocks</i>	<i>1,485,059</i>
<i>Including raw material, other material and other similar values</i>	<i>1,254,482</i>
<i>Expenses in the production-in-process</i>	<i>13,765</i>
<i>Ready products and goods for re-selling</i>	<i>14,512</i>
<i>Goods loaded out</i>	<i>0</i>
<i>Expenses of future periods</i>	<i>202,300</i>
<i>Other stocks and expenses</i>	<i>0</i>
<i>Value added tax under the values purchased</i>	<i>847,845</i>
<i>Debt receivable (the maturity under which is expected in more than 12 months after the reporting date)</i>	<i>140</i>
<i>Debt receivable (the maturity under which is expected within the period of 12 months after the reporting date)</i>	<i>7,826,215</i>
<i>Including buyers and customers</i>	<i>2,048,206</i>
<i>Short-term financial investments</i>	<i>0</i>
<i>Monetary assets</i>	<i>2,021,925</i>
<i>Other current assets</i>	<i>0</i>
<i>Total:</i>	<i>12,181,184</i>

The structure of the issuer's working capital: *in percent of the total amount of current assets*

Current assets	2006
<i>Stocks</i>	<i>12.19</i>
<i>Including raw material, other material and other similar values</i>	<i>10.30</i>

<i>Expenses in the production-in-process</i>	<i>0.11</i>
<i>Ready products and goods for re-selling</i>	<i>0.12</i>
<i>Goods loaded out</i>	<i>0</i>
<i>Expenses of future periods</i>	<i>1.66</i>
<i>Other stocks and expenses</i>	<i>0</i>
<i>Value added tax under the values purchased</i>	<i>6.96</i>
<i>Debt receivable (the maturity under which is expected in more than 12 months after the reporting date)</i>	<i>0.001</i>
<i>Debt receivable (the maturity under which is expected within the period of 12 months after the reporting date)</i>	<i>64.25</i>
<i>Short-term financial investments</i>	<i>0</i>
<i>Monetary assets</i>	<i>16.60</i>
<i>Other current assets</i>	<i>0</i>
<i>Total:</i>	<i>100.00</i>

*The information for the first quarter of 2007**

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

The amount of the authorized capital specified in the present section, corresponds to the Charter of the issuer.

b)Total value of the shares (stakes) of the issuer redeemed by the issuer for the subsequent resale (transfer), and specification of the percent of such shares (stakes) from the placed shares (the authorized capital) of the issuer: **none**

c)The amount of the reserve capital of the issuer formed due to contributions from the issuer's profit:

RUR 64,690,894.

d)The amount of the additional capital of the issuer reflecting an increase in the value of assets revealed after the reassessment, and the amount of the difference between the sale price (price of placement) and par value of the shares (stakes) of the company due to sale of the shares (stakes) at the price exceeding the par value: **RUR 19,892,311 thousand.**

e)The amount of the unallotted net profit of the issuer: **RUR 1,727,722 thousand.**

f)Total amount of the capital of the issuer: **RUR 43,272,801 thousand.**

* - the information presented for the 1st quarter of 2007 reflects the results of the reassessment of the issuer's fixed assets under the group machines and equipment as at 01.01.2007.

The amount of the issuer's working capital according to the issuer's accounting reports:

'000 RUR

Current assets	Q 1 2007
<i>Stocks</i>	1,720,311
<i>Including raw material, other material and other similar values</i>	1,408,249
<i>Expenses in the production-in-process</i>	31,668
<i>Ready products and goods for re-selling</i>	14,097
<i>Goods loaded out</i>	0
<i>Expenses of future periods</i>	266,297
<i>Other stocks and expenses</i>	0
<i>Value added tax under the values purchased</i>	355,750
<i>Debt receivable (the maturity under which is expected in more than 12 months after the reporting date)</i>	0
<i>Debt receivable (the maturity under which is expected within the period of 12 months after the reporting date)</i>	9,765,623
<i>Including buyers and customers</i>	1,925,117
<i>Short-term financial investments</i>	0
<i>Monetary assets</i>	1,463,718
<i>Other current assets</i>	0
Total:	13,305,402

The structure of the issuer's working capital: *in percent of the total amount of current assets*

Current assets	Q 1 2007
<i>Stocks</i>	12.93
<i>Including raw material, other material and other similar values</i>	10.58
<i>Expenses in the production-in-process</i>	0.24
<i>Ready products and goods for re-selling</i>	0.11
<i>Goods loaded out</i>	0
<i>Expenses of future periods</i>	2.00
<i>Other stocks and expenses</i>	0
<i>Value added tax under the values purchased</i>	2.67
<i>Debt receivable (the maturity under which is expected in more than 12 months after the reporting date)</i>	0
<i>Debt receivable (the maturity under which is expected within the period of 12 months after the reporting date)</i>	73.40
<i>Short-term financial investments</i>	0
<i>Monetary assets</i>	11.00

<i>Other current assets</i>	<i>0</i>
<i>Total:</i>	<i>100.00</i>

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

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

4.3.2. Issuer's financial investments

The list of the issuer's financial investments which are at least 10 percent of its all financial investments at the date of the end of the second quarter of the current financial year.

The full company name: *Open Joint-Stock Company "Energocenter"*

The shortened company name: *OJSC "Energocenter"*

The location: *142117, Moscow region, Podolsk city, Kirova street, 65*

The type of securities: *shares*

The state registration number of the share issue: *1-01-55217-E*

The date of the state registration number of the share issue: *31 August 2006*

The registering agency which carried out the state registration of the share issue: *The Federal Financial Markets Service*

The number of the securities owned by the issuer: *10,000 pieces*

The total par value of the securities owned by the issuer: *RUR 500,000,000.*

The total balance sheet value of the securities holding: *RUR 500,000,000.*

The amount of the declared dividend per the ordinary shares: *dividend was not paid per ordinary shares*

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

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

4.3.3. Issuer's intangible assets

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

Such information is not indicated as far as at the date of 2006 and at the date of the end of the first quarter of the current financial year the issuer does not possess any intangible assets.

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

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

- 1. Regulation on the accounting "Financial accounting of the enterprise" AR 4/99 (approved by the order of the Ministry of Finance of the Russian Federation as of July 6, 1999, N. 43 n).*
- 2. Regulation on the accounting "Intangible assets accounting" AR 14/2000 (approved by the order of the Ministry of Finance of the Russian Federation as of October 16, 2000 N. 91 n).*

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

There is no policy of the issuer in the sphere of the research and development and costs for the implementation of the research and development from own funds for the period since the date of the state registration of the issuer till the moment of the first quarter end of 2007.

The issuer neither created nor got the legal protection of the main objects of the intellectual property in the 1st quarter of 2007.

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

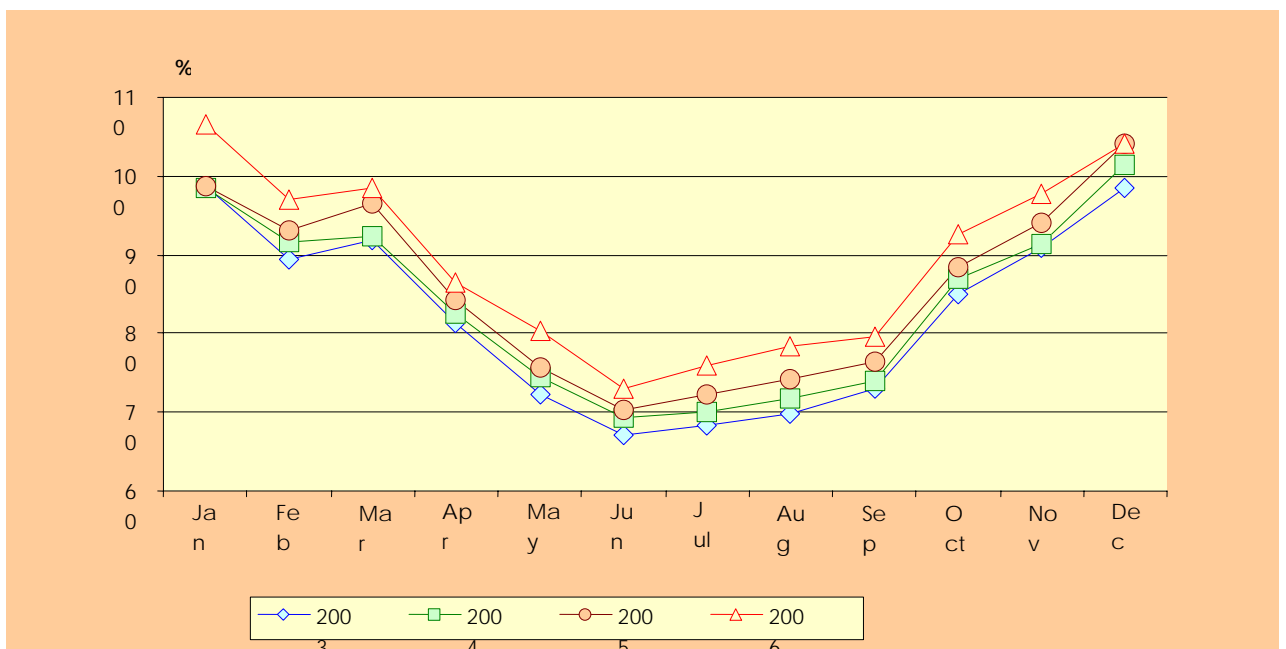
4.5. Analysis of tendencies of development in the sphere of the issuer’s primary activities

Russian power industry is one of the largest in the world due to its installed capacity, production and sales of the power energy.

For January – December 2006, 991.4 billion kW/h of electricity power was produced. It outnumbers the corresponding period of 2005 by 38.3 billion kW/h (4%). A growth of electricity generation is explained by an increase in demand of the internal market and export and is provided for by an increase in the production of electricity at thermal and atomic power stations (104.9% and 104.7 to the level of January – December 2005 accordingly).

Electric power production growth rates

(December of 2001 – 100%)



An insignificant growth of electric power generation at hydroelectric power stations (10.4 %) is connected with lowered inflow in water basins of a number of hydroelectric power stations of the European part of Russia during the spring period of 2006. But since July 2006 hydrological conditions on a number of the rivers of Russia improved that caused an increase in monthly generation of electric power at hydroelectric power stations.

Thus, in December 2006 generation of electric power on the Volga-Kama cascade in comparison with December 2005 increased by 1.1 billion kWh (42.3%), on the Angara-Yenisei - by 0.8 billion kWh (by 10.8%), and as a whole at hydroelectric power stations - by 2.2 billion kWh (on 16.5%).

	2005		2006		2006 to 2005, in %	
	<i>January - December</i>	<i>Including December</i>	<i>January - December</i>	<i>Including December</i>	<i>January - December</i>	<i>Including December</i>
<i>Electric energy, billion kWh</i>	953.1	96.7	991.4	96.3	104.0	99.5
<i>Including power production by the following stations: heat</i>	628.7	69.0	659.4	66.5	104.9	96.3

<i>hydroelectric power</i>	174.5	13.4	175.2	15.6	100.4	116.5
<i>nuclear</i>	149.4	14.2	156.4	14.1	104.7	99.2

Source: Ministry for Economic Development and Trade

The share of electric power generated by thermal power stations, in the total generation of electric power increased from 66% in January-December 2005 to 66.5% in January-December 2006, by atomic power stations - from 15.7% to 15.8%, by hydroelectric power stations - decreased accordingly from 18.3% to 17.7%.

In the IV quarter of 2006, in the Republic of Dagestan, the construction of first stage of the Irganaiskaya HPS was completed (the capacity of the station was increased by 146 MW - from 214 to 360 MW due to a rise of the level of the water basin); in the Karachaevo-Circassian Republic, the third startup complex of the Zelenchukskaya HPS was put into operation; in Khabarovsk, the fourth power unit of the Khabarovsk TPS-3 was put into operation (the capacity of the station reached 720 MW that enabled it to become the largest thermal electricity main in the Far East); in St. Petersburg, the second block of the Northwest TPS was launched - GSI-450 MW.

Electricity consumption for January-December 2006 was 975.8 billion kWh that is by 3.7% more than in the corresponding period of 2005. A growth of power consumption this year was noted not only in the winter in conditions of abnormal low temperatures, but also in summer months.

Electric power production dynamics analysis gives the right to consider this sector a constantly growing one.

The 1980-ies witnessed stagnation features in the electric power sector of the country: production facilities were renewed slower than the growth of power consumption.

In the 1990-ies, during the period of the general economic crisis in Russia the amount of power consumption was considerably decreased and the process of the facilities renewal was almost stopped.

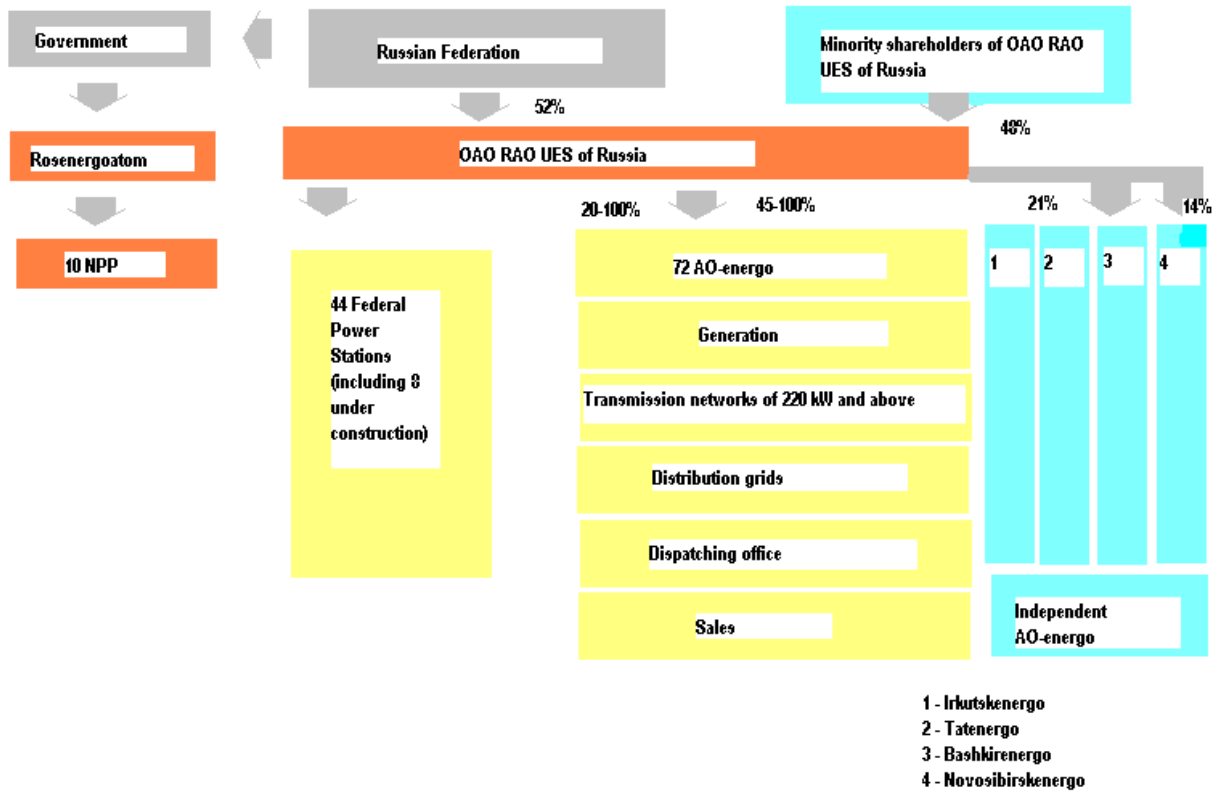
The general branch condition was estimated as follows:

- *Technological indices (fuel use per kW/h, average efficiency of the equipment, working capacity of the substations and etc.) showed that Russian power companies lagged behind their counterparts in developed countries;*
- *There were no incentives for the increase of productivity, reasonable planning of power production and consumptions industrial regimes, and power saving;*
- *Some regions saw black-outs and power crisis, high probability of serious accidents;*
- *There was no payment discipline. Payment defaults were a frequent event;*
- *Branch enterprises were not “transparent” in information and financial terms;*
- *New, independent players could not enter the market.*

All this entailed the necessity of changes in power industry sector which could develop the conditions for the productivity increase of power companies and let increase the amount of investments in the branch. Otherwise, together with the further development of foreign economic cooperation, Russian

enterprises would lose the economic competition not only at foreign markets, but also inside the country.

III No. 1, Branch structure in 2000.



Source: OAO RAO UES of Russia

The main goal of Russian power industry reforming is the increase of branch enterprises productivity, creation of the conditions for its development on the basis of the investments promotion, ensuring the reliable and uninterrupted power supply of the consumers.

It entails the considerable changes in Russian power sector: the system of the state regulation of the branch changes, the competitive power market is formed, new companies are created.

The sector structure changes during the reform: there is the separation of the natural monopoly (power transmission, operative and dispatch management) and potentially competitive functions (power production and sales, maintenance and service). Vertically integrated companies fulfilling all these functions give their way to formations specializing in separate kinds of activity.

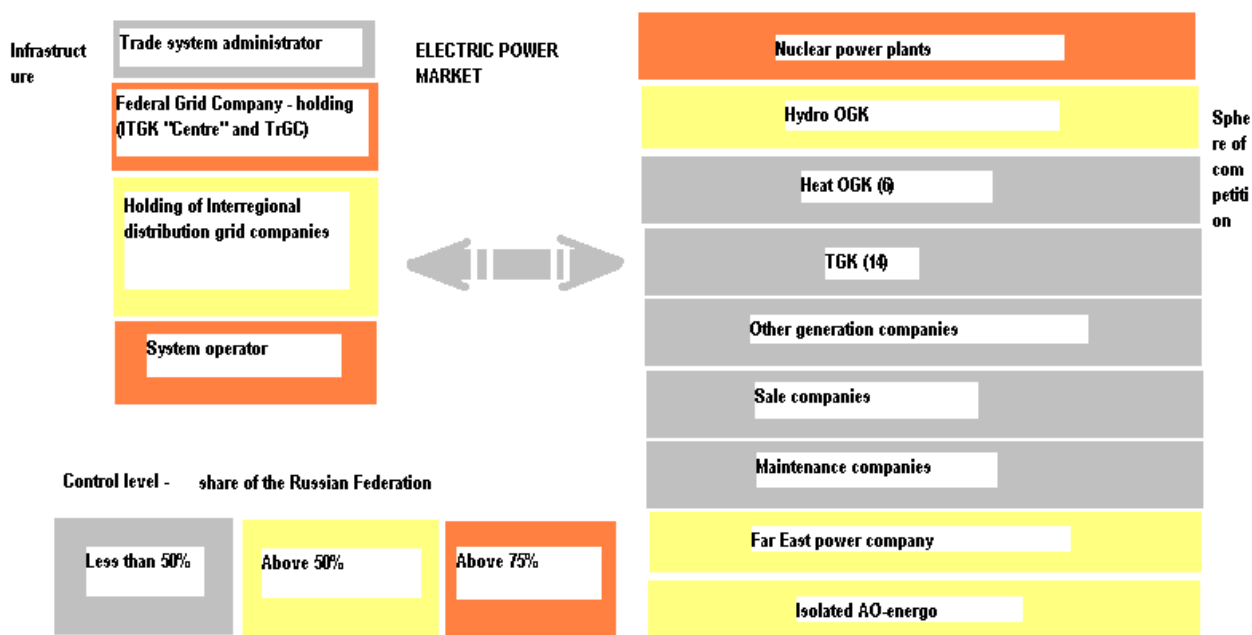
Generation, sales and maintenance companies in future will become mainly private and will compete with each other. In natural monopoly spheres, on the contrary one can observe the increase of the state control.

Thus, the conditions for the development of the competitive sector of electric power are being created. Its prices are not regulated by the state, but formed on the basis of the demand and supply and its participants compete decreasing their expenditures.

Goals of the reform were determined by the Government decree as of July 11, 2001 No. 526 “On Restructuring the Electric Power Industry of the Russian Federation”

Taking into consideration the latest changes in regulatory and legal framework the goals of reforming were described in the “Strategy Concept of OAO RAO UES of Russia” for 2005-2008 “5+5”

III 2. Goal structure of the branch



Source: OAO RAO UES of Russia

Companies formed during the reform present enterprises specializing in certain types of activity (generation, power transmission and others) and governing the correspondent profile assets. According to the scale of the profile activity the created companies surpass the former monopolies of

the regional level: new created companies comprise the profile enterprises of several regions or are all-Russian. Thus, the transmission networks are under control of the Federal Grid Company. It is planned to integrate the distribution grids into interregional distribution grid companies (IDGC). The functions and assets of the regional dispatch bodies will be transmitted to the all-Russian system operator.

Assets of the generation are also combined into interregional companies of two types: generation companies of the wholesale market (wholesale generation companies – WGC (OGK)) and territorial generation companies – TGC. OGK comprises power stations specializing in production of electric power only. TGC consists mainly of thermal power plants (TPP) which produce both heat and thermal power. Six out of seven OGK were formed on the basis of the thermal power stations and one of them (HydroOGK) – on the basis of hydrogenation assets. Heat OGK is built on extraterritorial basis when TGC comprise the stations of the neighboring regions.

The process of AO-energo reforming began in 2003 with the implementation of several pilot projects: Kalugaenergo, JSC; Orelenergo, JSC; Bryanskenergo, JSC; Tulaenergo, JSC restructuring. Structural transformations most actively were carried out in 2004. The reforming process comprised more than 30 companies. There was completed the procedure of the first regional power company - Kalugaenergo by April 2004. By the end of the year, all 5 AO-energo were divided according to the types of activity.

There began the creation of the new interregional companies in 2004. At the end of 2004 first three OGK and two TGK were formed (went through the state registration). At the same time (in October of 2004) the Board of Directors of OAO RAO UES of Russia took the decision on creation of four IDGC. In 2004 the new operative and dispatch administration was almost completely formed: functions of regional dispatch administrations were transferred (with a slight change) from AO-energo to the System operator.

In 2005 the restructuring process comprised the majority of AO-energo. Most of them were divided by the end of the year. Thus, the year witnessed the creation of the majority of the rest interregional companies: the last of 7 OGK was registered by March; thirteen out of 14 TGC and four IDGC were registered by August.

In 2006 - the beginning of 2007, the process of formation of the companies of the target structure came to an end. At the beginning of 2007, projects of reforming 70 out of 71 "energo" joint-stock companies was approved, formation of all of six thermal WGC was finished. By 1 March 2007, formation of the target structures of TGC-3 (JSC "Mosenergo"), TGC-4, TGC-5, TGC-6, TGC-9, TGC-13 ("Yenisei TGC") and TGC-14 was completed; contracts of sale and purchase of generating property between Kuzbassenergo (TGC-12) and Altaienergo were signed, the 1st stage of reorganization of TGC-1, TGC-2, TGC-8, TGC-10 was completed.

The process of all grid companies' separation came to an end. 55 out of the planned 56 transmission companies were created on the basis of the reorganized AO-energo.

Since September 1, 2006 new rules of work of the wholesale and retail electric power markets entered into force. At the wholesale electric power (capacity) market the transition to the regulated agreement between the buyers and generation companies took place as a result of new rules of work introduction since September 1. Free trade sector (FTS) was liquidated and new spot market was launched – “tomorrow market” (TM). By 2011 in accordance with the decision taken by the Government of the Russian Federation on November 30, 2006 the stage-by stage substitution of the regulated agreements by free (non-regulated) agreements took place. Rules of the retail markets functioning presuppose stage-by stage liberalization of the wholesale electric power market preserving during the transition period power transmission to the consumers retaining the regulated tariffs.

Thus, during the reform, the former, monopolistic structure of power industry vanishes: the majority of the vertically integrated companies go off the scene. They are substituted by the new companies of the branch goal structure.

Main factors influencing the branch condition:

For the past 5 years it is possible to point out the following tendencies characteristic for the branch in general:

- *considerable growth of power consumption since the end of the 90-ies and increase of the heat and electric power consumption;*
- *increase of the payment discipline of heat and electric power consumers;*
- *increase of the financial results of the power companies activity;*
- *regional systems' balance structure improvement;*
- *decrease of the cross subsidization level;*
- *ageing of the basic equipment (power stations, electric and heat grids) of power companies, lack of the investment resources for the support of the generating capacities.*

General assessment of the issuer's activity results in the given branch, the assessment of the correspondence of the issuer's activity results to the tendencies of the branch development and the reasons determining the acquired results of the activity:

It is necessary to point out the sustainable positive issuer's development dynamics. The issuer acquires the leading position not only at power transmission market of the Moscow Region, but the whole country.

Investment program of the Company determined the priority tasks: improvement of the distribution, development of the electric network, modernization of power transmission lines of the Moscow Region, increase of the reliable power supply in Moscow and the region owing to the construction of new owing centers, increase of the industry productivity, decrease of costs and dangerous impact on the environment.

In order to increase reliability of power supply of consumers and decrease rate of failures, realization of construction of new objects, modernisation and reconstruction of operating objects, within the limits of execution of the Investment Program approved by the Company's Board of Directors, new energy objects were out into operation.

The most significant objects for reliable power supply of the Moscow region: substations "Levoberezhnaya", "Vstrecha", "Govorovo", "Teplyi Stan", "Sokolniki", "Ugresha" and a lot of others. Construction of cable lines "Grazhdanskaya-Voikovskaya I and II, "Vovobratsevo-Voikovskaya", "Voikovskaya-Svoboda" comes to an end. RUR 3.5 billion were spent for repairs in 2006.

The Company has even more serious tasks directed to the decrease of accident risk, implementation of the maintenance programs, creation of the attractive environment for the shareholders and investors.

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

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

Factors and conditions influencing the issuer's activity and the forecast concerning their duration:

Factors and conditions influencing the issuer's activity comprise the following:

- *considerable amount of the state regulation of the branch, concerning the tariffs regulation for heat and electric power;*
- *the growth of power consumption in the place of the issuer's location;*
- *increase of payment discipline of heat and electricity power consumers;*
- *decrease of cross-subsidization level;*
- *ageing of the issuer's basic equipment lack of the investment resources for the generating capacities support;*
- *the reform of the energy industry may be considered as a factor of uncertainty when forecasting the variants of the issuer's development.*

The given factors will influence the activity of the issuer during near several years.

Activities taken by the issuer and activities the issuer is planning to take in future for the productive use of the given factors and conditions:

- *to carry out the fixed assets modernization;*
- *to provide the constant growth of all industrial chain constituents efficiency of the issuer;*
- *to implement the improved procedures of the financial planning;*

- *to concentrate efforts for the provision of the timely acquisition of the money means concerning the current and overdue accounts receivable;*
- *to restruct the obligations directed to their extinction during the longer period of time.*

Methods used by the issuer and methods the issuer plans to use in future to decrease the negative effect of factors and conditions influencing the issuer's activity:

- *development of the modern system of transmission and distribution of the electric power;*
- *decrease of losses of power;*
- *increase of the financial control and implementation of the program directed to the decrease of costs;*
- *risks management connected with the basic activity of the issuer;*
- *insurance of the property risks and civil responsibility risks and etc.*

Considerable events/factors which can negatively influence the possibility of the issuer's acquisition of higher results are as follows:

- *deterioration in business, political and social environment in the country;*
- *raw materials and equipment cost growth.*

The probability of the abovementioned factors is considered by the issuer as not high due to the current forecasts of the stable and successful development of the economic, political and social situation in the country in general.

Considerable conditions/factors which can improve the results of the issuer's activity and the possibility of their occurrence and the duration of their action:

There are no considerable factors that can improve the basic activity of the issuer – electric power transmission.

4.5.2. Issuer's competitors

Information on the general and supposed competitors of the issuer concerning the basic types of the activity:

In accordance with the "Strategy Concept of OAO RAO UES of Russia" for 2003-2008 "5+5" independent companies competing with each other will appear in each segment of the electric power market of Russia (generation, transmission and selling). Activity of the issuer is related to the category of natural monopoly. In the future occurrence of other players of the market of electric power transmission is possible.

List and factors of the issuer's competitive ability with the description of their influence, according to the issuer on the competitive ability of the produced goods (works and services):

It is not possible to evaluate the factors of the issuer's competitive ability as far as the issuer's activity is natural-monopolistic.

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

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

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

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

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

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

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

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

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

- 1) amending of the Charter and approval of the revised Charter;***
- 2) restructuring of the Company;***
- 3) liquidation of the Company; appointment of the liquidation commission and the approval of the interim and final liquidation balances;***
- 4) determination of the quantity, par value, category (type) of the declared shares and the rights provided by these shares;***
- 5) increase of the authorized capital by an increase of the par value of shares or by a placement of additional shares;***

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

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

Pursuant to point 15.1 of article 15 of the issuer’s Charter, the Board of Directors of the Entity implements the general governance of the of the Entity’s activity except for decisions solution related by Federal Law “On joint-stock companies” and the Charter to the competence of the General Shareholders’ Meeting.

The following issues are related to the competence of the Board of Directors of the Entity:

- 1) *the definition of priority trends in the Entity’s activity;*
- 2) *convening of the annual and extraordinary General Shareholders’ Meetings of the Entity except for the cases stipulated by point 14.8 of article 14 of the Charter and also the announcement of date of holding a new General Shareholders’ Meeting instead of the cancelled Meeting due to a quorum absence;*
- 3) *the agenda approval of the General Shareholders’ Meeting of the Entity;*
- 4) *the election of secretary of the General Shareholders’ Meeting;*

- 5) *the definition date of drawing up of list of persons having a right to take part in the General Shareholders' Meeting, the decision of other issues connected with the preparation and holding of the General Shareholders' Meeting of the Entity;*
- 6) *the delivery for decision of the Entity's General Shareholders' Meeting of issues stipulated by subpoints 2, 5, 7, 8, 12-20 of point 10.2 of article 10 of the Charter;*
- 7) *the placement of bonds and other emissive securities by the Entity except for cases defined by Federal Law "On joint-stock companies" and the given Charter;*
- 8) *the approval of decision on securities issue, prospectus of securities issue and the report on results of securities issue, reports on results of shares purchase from the Entity's shareholders and reports on results of buyout of shares from the Entity's shareholders;*
- 9) *the price definition (pecuniary valuation) of property, the price of placement and buyout of emissive securities in cases stipulated by Federal Law "On joint-stock companies" and also in the course of issues decision stated in subpoints 11, 20, 21 38 of point 15.1 of the Charter;*
- 10) *the purchase of shares, bonds and other securities placed by the Entity in cases stipulated by Federal Law "On joint-stock companies";*
- 11) *disposition (sales) of the Entity's shares which became property of the Entity as a result of their purchase or buyout from the Entity's shareholders and also in other cases stipulated by Federal Law "On joint-stock companies";*
- 12) *the election of Director General of the Entity and the anticipatory cessation of his authorities including a decision taking on an anticipatory cessation of labour contract with him/her;*
- 13) *recommendations to the Entity's General Shareholders' Meeting by size of remunerations and compensations paid to the members of the Auditing Committee of the Entity and the size definition of payment for the Auditor's services;*
- 14) *recommendations by a size of dividend by shares and the order of its payment out;*
- 15) *the approval of the Entity's inner documents defining the establishment order and usage of the Entity's funds;*
- 16) *the decision taking on the usage of the Entity's funds; the approval of the estimates of the funds usage by the special purpose funds and consideration of results of the estimates execution of the funds usage by special purpose funds;*
- 17) *the approval of the Entity's inner documents except for inner documents the approval of which is related to the competence of the General Shareholders' Meeting and also other inner documents the approval of which is related to the competence of the Entity's executive bodies;*
- 18) *the business plan approval (the adjusted business plan) and a report on results of its execution and also the approval (adjustment) of control figures of the Entity's cash flow range;*
- 19) *the establishment of subsidiaries and opening of branches of the Entity, their liquidation and also the introduction of changes in the Entity's Charter connected with the establishment of branches, opening of the Entity's subsidiaries (including changing of data on names and locations of subsidiaries and branches of the Entity) and their liquidation;*
- 20) *on participation of the Entity in other organizations (including the agreement of constituent documents and candidates in governance bodies of newly established organizations) and also subject to subpoints 21 of point 15.1 of the Charter, the change of a part of participation (the amount of shares, amount of shares, fractions), charge over shares (fractions) and the cessation of the Entity's participation in other organizations;*
- 21) *a decision taking on completion by the Entity of one or several interrelated transactions by disposal, pawn or another charge over shares and fractions of the subsidiaries and dependent economic companies which don't implement activity by production, transmission, dispatching, distribution and sale of electric and heat energy in case the market value of shares of fractions being subject of the transaction, defined pursuant to the resolution of the independent appraiser exceeds*

RUR 30 million and also in other cases (amounts) defined by some decisions of the Entity's Board of Directors;

22) the credit policy definition of the Entity as to the issue of loans by the Entity, credit contracts, loan contracts, bail contracts conclusion, taking of obligations by bills (issue of notes of hand and transfer notes), transfer of property in pawn and decisions taking on completion by the Entity of the given transactions in cases when the order of decision taking by them isn't defined by the Entity's credit policy and also the decision taking in the Order stipulated by the Entity's credit policy, decisions of bringing of the Entity's debt position in correspondence with the limits established by the Entity's credit policy;

23) the decisions taking on transactions conclusion the subject of which is property, works and services the cost of which amounts to from 5 to 25 percent of the book value of the Entity's assets, defined as of date a decision taking on a transaction conclusion except for transactions completed in the process of the standard economic activity of the Entity;

24) the approval of large transactions in cases stipulated by chapter X of Federal Law "On joint-stock companies";

25) the approval of large transactions in cases stipulated by chapter XI of Federal Law "On joint-stock companies";

26) the approval of the Entity's registrar, terms of contracts with it and also the cessation of contract with it, the approval of the expenses estimate for holding the General Shareholders' Meeting of the Entity;

27) the election of Chairman of the Board of Directors of the Entity and the anticipatory cessation of his/her authorities;

28) the election of Substitute of Chairman of the Board of Directors of the Entity and the anticipatory cessation of his/her authorities;

29) the election of Secretary of the Board of Directors of the Entity and the anticipatory cessation of his/her authorities;

30) the preliminary approval of decisions on transactions completion by the Entity connected with the gratuitous assignment of the Entity's property or rights of property (requirements) to itself or to the third party; transactions connected with the exemption from a property responsibility before itself or before the third party; transactions connected with the non-repayable rendering of services by the Entity (execution of works) to the third parties in cases (amounts) defined by some decisions of the Entity's Board of Directors and decisions taking on the given transactions completion by the Entity when the above mentioned cases (amounts) are not defined;

31) a decision taking on authorities suspension of the managing organization (manager);

32) a decision taking on appointment a person acting as Director General of the Entity in cases stipulated by points 20.11., 20.12 of the Charter;

33) making unswearable for disciplinary liability of the Entity's Director General and his encouragement pursuant to the labour legislation of the Russian Federation;

34) consideration of reports of Director General on the Entity's activity (including that on the execution by him of his administrative duties), on execution of decisions of the General Shareholders' Meeting and the Entity's board of Directors;

35) the approval of the interaction order of the Entity with organizations in which the Entity participates;

36) the definition of the Entity's position (the representatives of the Entity) including the mission if to take or not take part in voting by issues of agenda, to vote by draft decisions "for", "against" or "abstained" by the following issues of agendas of the General Shareholders' Meeting (participants) of subsidiaries and dependent companies (further – SDC) (except for the cases when the functions of the General Shareholders' Meeting of SDC are discharged by the Board of Directors of the Entity) and Meetings of the Boards of Directors of SDC (except for the issue on the agenda approval of the

General Shareholders' Meetings of SDC when the functions of the General Shareholders' Meeting of SDC are discharged by the Board of Directors of the Entity):

a) on the agenda definition of the General Shareholders' Meetings (participants) of SDC;;

b) on reorganization, liquidation of SDC;

c) on definition of the quantitative staff of the Board of Directors of SDC, nomination and election of its members and the anticipatory cessation of his authorities;

d) on definition of quantity, par value, category (type) of declared shares of SDC and the rights given by these shares;

e) on the increase of the authorized capital stock of SDC by way the par value increase of shares or by way additional shares placement;

f) on securities placement of SDC convertible into equity shares;

g) on fraction, consolidation of shares of SDC;

h) on approval of large transactions completed by SDC;

i) on participation of SDC in other organizations (on entering into the operating organization or a new organization establishment) and also on purchase, disposal and encumbrance of shares and fractions in authorized capital stocks of organizations in which SDC take part, the change of a part of participation of a corresponding organization in the authorized capital stock;

j) on transactions settlement of SDC (including several interrelated transactions) connected with the disposal or a possibility to dispose property representing the fixed assets, intangible assets, facilities of the construction-in-process, the goal of usage of which is production, transmission, dispatching, distribution of electric and heat energy in cases (amounts) defined by the interaction order of the Entity organizations in which the Entity participates, approved by the entity's board of Directors;

k) on introduction of changes and additions in constituent documents of SDC;

l) on definition of order of remunerations payments out to the members of the members of the Board of Directors and the Auditing Committee of SDC;

37) the definition of the Entity's position (the Entity's representatives) by the following agenda issues of the Meetings of the Board of Directors of SDC (including a mission to take or not take part in voting by the agenda issue, to vote by draft decisions "for", "against" or "abstained"):

a) on the position definition of the Entity's representatives by the agenda issues of the General Shareholders' Meetings (participants) and Meetings of the Boards of Directors being subsidiaries and dependent companies in respect to SDC concerning the settlement (approval) of transactions (including several interrelated transactions) connected with the disposition or a possibility to dispose property representing the fixed assets, intangible assets, facilities of construction-in-process the goal of the usage of which is production, transmission, dispatching, distribution of electric and heat energy in cases (amounts) defined by the interaction order of the Entity with organizations in which the Entity participates, approved by the Entity's Board of Directors;

b) on the position definition of the representatives of SDC by the agenda issue of the General Shareholders' Meetings (participants) and Meetings of Boards of Directors of the subsidiaries and dependent companies in respect to SDC implementing production, transmission, dispatching, distribution and sale of electric and heat energy, on reorganization, liquidation, increase of the authorized capital stock of such companies by way of the par value increase of shares or by way of additional shares placement, placement of securities convertible in equity shares;

38) the preliminary approval of decision on settlement by the Entity of:

a) transactions the subject of which are noncurrent assets of the Entity at an amount of over 10 percent of the book value of these assets of the Entity as of the date of decision taking on such transaction settlement;

b) transactions (including several interrelated transactions) connected with the disposal or a possibility to dispose property representing the fixed assets, intangible assets, facilities of construction-in-process the goal of the usage of which is production, transmission, dispatching, distribution of electric and heat energy in cases (amounts) defined by separate decisions of the Entity's Board of Directors;

c) transactions (including several interrelated transactions) connected with the disposal or a possibility to dispose property representing the fixed assets, intangible assets, facilities of construction-in-process the goal of the usage of which is not production, transmission, dispatching, distribution of electric and heat energy in cases (amounts) defined by separate decisions of the entity's Board of Directors;

39) the nomination by the Entity of candidates for the election of the Sole Executive body, in other governance bodies, control bodies and also a candidate of the organizations' auditor in which the Entity participates implementing production, transmission, dispatching, distribution and sale of electric and heat energy and also repair and maintenance business lines;

40) the decision taking by the issues related to the competence of superior governance bodies of economic entities, 100 (one hundred) percent of the authorized capital stock of which belongs to the Entity;

41) the definition of trends of securing insurance cover of the Entity including the approval of the Insurer of the Entity;

42) the candidacy approval of an independent appraiser (appraisers) for the definition of the cost of shares, property and other Entity's assets in cases stipulated by Federal Law "On joint-stock companies", the Charter and also some decisions of the Entity's board of Directors;

43) the preliminary approval of the collective agreement, agreements concluded by the Entity in the framework of the regulation of social and labour relations;

44) the candidacy approval of the financial consultant appealed pursuant to Federal Law "On securities market" and also candidacies of organizers of securities issue and advisers by transactions directly connected with the funds attraction by way of public loans;

45) the development of organizations by a choice of Auditor implementing audit of the financial statements of the Entity prepared in accordance with the International standards of the financial statements, the approval of contracts clauses with it and also monitoring over audit holding of the Entity's financial statements prepared pursuant to the International standards of the financial statements;

46) the document approval defining the rules and approaches to information disclosure on the Entity; the document on the information usage on the Entity's activity, on the entity's securities and transactions with them which is not public and the disclosure of which can essentially influence the market value of the Entity's securities; the document defining procedures of inner control over the financial and economic activities of the Entity;

47) the approval of perspective (to 5 years), annual and quarterly plans of the capital construction, plans of purchases of goods and services, new construction projects, the reconstruction and re-equipment and reports on the results of their execution;

48) other issues related to the competence of the Board of Directors by Federal Law "On joint-stock companies" and by the Charter;

49) the preliminary approval of transactions which can result in the obligations occurrence expressed in a foreign currency (or obligations the mount of which is dependent of the foreign currency) in cases and amounts defined by some decisions of the Entity's Board of Directors and also if the stated cases (amounts) aren't defined by the Entity's Board of Directors;

50) the definition of purchase policy in the Entity including the approval of provision on the order of holding of regulated purchases of goods, works, services, the approval of manager of the Central

*purchasing body of the Entity and also its members, the approval of the annual complex program of purchases and other decisions taking *zaklyonok* pursuant to the documents approved in the Entity, regulating the purchasing activity of the Entity;*

51) a decision taking on nomination of the Entity's Director General for representation to the state awards;

52) the goal-oriented values (adjusted values) approval of key figures of efficiency (KFE) of the Entity and reports on their execution.

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

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

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

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

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

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

The collegial executive body is not provided for the the issuer's Charter.

The Board of Directors of OJSC "Moscow United Electric Grid Company" on 8 November 2006 (Minutes 35 as of 10 November 2006) approved the Code of Corporate Conduct of OJSC "Moscow United Electric Grid Company".

The Internet website containing the full version of the Corporate Governance COde of OJSC "Moscow United Electric Grid Company": www.moesk.ru

In the reporting quarter, the issuer's charter and other internal documents regulating activities of the issuer's bodies were not changed.

The Internet website containing the full version of the issuer's Charter in effect and the internal documents regulating the activities of the issuer's bodies: www.moesk.ru

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

Personnel structure of the Board of Directors of OJSC "Moscow United Electric Grid Company":

1. Andrey Natanovich Rappoport

Born: *1963*

Education: *higher*

Positions for the past 5 years:

Period: *1998 - 2004*

Organization: *RAO UESR*

Position: *Deputy Chairperson of the Management Board*

Period: *2004 – current*

Organization: *RAO UESR*

Position: *member of the Management Board*

Period: **2002 – current**

Organization: **«FGC UES», JSC**

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

Period: **2004 – current**

Organization: **«Yantarenergo», JSC**

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

Period: **2004 – current**

Organization: **INTER RAO UES OJSC**

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

Period: **2004 – current**

Organization: **«SO UPS», JSC**

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

Period: **2004 – current**

Organization: **INTER RAO UES Balkany CJSC**

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

Period: **2004 – current**

Organization: **JSC UES “GruzRosenergo”**

Position: **member of the Supervisory Council**

Period: **2005 – current**

Organization: **JSC “Federal Hydrogeneration Company”**

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

Period: **2005 – current**

Organization: **RAO Nordic OY**

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

Period: **2005 – current**

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

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

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

2. Anatoly Anatolievich Gavrilenko

Born: **1972**

Education: **higher**

Positions for the past 5 years:

Period: **1998 – 2004**

Organization: **CJSC “Alor Invest”**

Position: **Director for strategic financial planning**

Period: **2004 – current**

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

Position: **General Director**

Period: **2004 – current**

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

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

Period: **2005 – current**

Organization: **AO Mosenergo**

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

Period: **2005 – current**

Organization: **AO “Moscow Thermal Grid Company”**

Position: *member of the Board of Directors*

Period: *2005 – till now*

Organization: *OJSC “Southern telecommunicational company”*

Appointment: *member of the Board of Directors*

Period: *2006 – till now*

Organization: *Mosenergosbit, OJSC*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *OJSC “Managing Power Company”*

Appointment: *member of the Board of Directors*

Period: *2005 – till now*

Organization: *OJSC “Moscow city electric grid company”*

Appointment: *member of the Board of Directors*

Period: *2005 – till now*

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

Appointment: *member of the Board of Directors*

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

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

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

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

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

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

Any sibs with other persons who form a part of the issuer governance bodies and/or bodies for control over

financial and economic issuer's activities: *no sibs*

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: *none*

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: *no information*

3. Andrey Alexandrovich Demin

Born: *1974*

Education: *higher*

Positions for the past 5 years:

Period: *2000-2002*

Organization: *Poltavaoblenergo, JSC*

Appointment: *Commercial Director, Chairman of the Board*

Period: *2004-2004*

Organization: *JSC RAO UES of Russia*

Appointment: *Chief expert of Corporate Center of the Business Planning Department*

Period: *2005-till now*

Organization: *JSC UES FGC*

Appointment: *Director of interregional distribution grid complexes governance Center*

Period: *2006-till now*

Organization: *JSC "Interregional Distribution Grid Company of Ural and Volga"*

Appointment: *a member of the Board of Directors*

Period: *2006-till now*

Organization: *JSC "Interregional Distribution Grid Company of Center and the Northern Caucasus"*

Appointment: *a member of the Board of Directors*

Period: ***2006-till now***

Organization: ***JSC “Interregional Distribution Grid Company of Northwest”***

Appointment: ***a member of the Board of Directors***

Period: ***2006-till now***

Organization: ***Permenergo, JSC***

Appointment: ***a member of the Board of Directors***

Period: ***2006-till now***

Organization: ***JSC “Interregional distribution Grid Company of Siberia”***

Appointment: ***a member of the Board of Directors***

Period: ***2006-till now***

Organization: ***Sverdlovenergo, JSC***

Appointment: ***a member of the Board of Directors***

Period: ***2006-till now***

Organization: ***Tumenenrgo, JSC***

Appointment: ***a member of the Board of Directors***

Period: ***2006-till now***

Organization: ***JSC “Southern Grid Company”***

Appointment: ***a member of the Board of Directors***

Period: ***2006-till now***

Organization: ***JSC “Volga Interregional Distribution Grid Company”***

Appointment: ***a member of the Board of Directors***

Period: **2006-till now**

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

Appointment: **a member of the Board of Directors**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

4. Zubakin Vasily Alexandrovich

Year of birth: **1958**

Education: **high**

Appointments for last 5 years:

Period: **2002-2004**

Organization: **JSC RAO UES of Russia**

Appointment: **a member of the Management Board – The chief of Department of the capital management**

Period: **2004 – 2006**

Organization: **JSC RAO UES of Russia**

Appointment: **a member of the Management Board – The chief of Department of provision of reforming processes**

Period: **2006 – till now**

Organization: **JSC “HydroOGK” (“Federal Hydrogeneration Company”)**

Appointment: **member of the Management Board**

Period: **2006 – till now**

Organization: **JSC “HydroOGK” (“Federal Hydrogeneration Company”)**

Appointment: **member of the Board of Directors)**

Period: **2006 – till now**

Organization: **JSC “HydroOGK MC” (“Management Company HydroOGK”)**

Appointment: **Chairman of the Board of Directors**

Period: **2002 – till now**

Organization: **JSC “VNIPIenergoprom”**

Appointment: **Chairman of the Board of Directors**

Period: **2002 – till now**

Organization: **JSC “UPMC» (“Ural power managing company”)**

Appointment: **a member of the Board of Directors**

Period: **2003 – till now**

Organization: **Nizhnovenergo, JSC**

Appointment: **a member of the Board of Directors**

Period: **2003 – till now**

Organization: **Omskenergo, JSC**

Appointment: *a member of the Board of Directors*

Period: *2004 – till now*

Organization: *Tumenenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2004 – till now*

Organization: *JSC “OGK-3” (“The third generating company of power wholesale market”)*

Appointment: *a member of the Board of Directors*

Period: *2004 – till now*

Organization: *JSC “HydroOGK” (“the Federal hydrogenating company”)*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *JSC “NTPC” (“Norilsk-Taimyrsk Power Company”)*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *JSC “TGC-6” (“Territorial generating company #6”)*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *JSC “TGC-11” (“Territorial generating company #11”)*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *JSC “Southern power centre of power”*

Appointment: *a member of the Board of Directors*

Period: **2005 – till now**

Organization: ***CJSC “ID RCB”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

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

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***JSC “Engineer Centre UES – Hydro project, Lenhydroproject, Teploelektroproject, Company ORGRES”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

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

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

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

Appointment: ***a member of the Board of Directors***

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

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

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

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

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

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

belonging to the person: *0*

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: *none*

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: *none*

5. Andrey Anatolevich Kokin

Born: *1970*

Education: *higher*

Positions for the past 5 years:

Period: *2000-2003*

Organization: *FAKB "Eurofinance"*

Appointment: *Substitute of Manager, Vice-president*

Period: *2003-2005*

Organization: *JSC "Gasprom-Media"*

Appointment: *Financial Director*

Period: *2005 – till now*

Organization: *CJSC "Leader"*

Appointment: *Deputy General Director – Director for development*

Period: *2006 – till now*

Organization: *JSC "Transmission Grid Company"*

Appointment: *a member of the Board of Directors*

Period: **2006 – till now**

Organization: **JSC “Mosteplosetenergoremont”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

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

Appointment: **a member of the Board of Directors**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

6. Alexey Anatolievich Matveev

Born: **1963**

Education: **higher**

Positions for the past 5 years:

Period: **1999 - 2001**

Organization: **Close Corporation “Fleming YSB”**

Appointment: **Chief of Board of investment and bank operations**

Period: **2001 - 2003**

Organization: **CJSC “Investment company Troyka-Dialogue”**

Appointment: **Managing Director**

Period: **2003 - 2003**

Organization: **AB “Gasprombank” (Close Corporation)**

Appointment: **Adviser of Chairman of the Management Board**

Period: **2003 – till now**

Organization: **AB “Gasprombank” (Close Corporation)**

Appointment: **Substitute of Chairman of the Management Board**

Period: **2006 – till now**

Organization: **Mosenergo, JSC**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **Mosenergosbyt, JSC**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “Moscow Thermal Grid Company”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

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

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “Sibur Holding”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “United machinery plants” (Group Uralmash-Izhora)**

Appointment: **Chairman of the Board of Directors**

Period: **2005 – till now**

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

Appointment: **a member of the Board of Directors**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

7. Pleshivtsev Vsevolod Georgievich

Year of birth: **1950**

Education: **high**

Appointments for last 5 years:

Period: **1994-2005**

Organization: ***Department of fuel and power sector of Moscow***

Appointment: ***The first deputy of Chief of Department***

Period: **1996-1998**

Organization: ***Administration of fuel and power sector of Moscow***

Appointment: ***The deputy of Chief of Administration***

Period: **2005-till now**

Organization: ***Department of fuel and power sector of Moscow***

Appointment: ***Chief of Department***

Period: **2006 – till now**

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

Appointment: ***a member of the Board of Directors***

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

8. Vladimir Nikolaevich Silkin

Born: **1957**

Education: **higher**

Positions for the past 5 years:

Period: **1992-2004**

Organization: ***Prefecture of the Northeast administrative district of Moscow***

Appointment: ***deputy prefect, first deputy prefect***

Period: **2004 – till now**

Organization: ***Department of property of Moscow***

Appointment: ***Chief of Department***

Period: **2006 – till now**

Organization: ***JSC “Transmission Grid Company”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***OJSC “Moscow United Electric Company”***

Appointment: ***a member of the Board of Directors***

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: *none*

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: *none*

9. Wolfgang Skribot

Born: **1966**

Education: *higher*

Positions for the past 5 years:

Period: **2001-2003**

Organization: **CJSC “OFG”**

Appointment: ***Director of Department of corporate financing***

Period: **2003 - 2004**

Organization: **“Gasprombank-Invest”, LLC.**

Appointment: ***Deputy general director***

Period: **2004 – till now**

Organization: **AB “Gasprombank” (CJSC)**

Appointment: ***Managing Director of Department of corporate financing***

Period: **2006 – till now**

Organization: **JSC “OGK-2”**

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: **JSC “OGK-4”**

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***Mosenergo, JSC***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***Mosenergobit, JSC***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***JSC “Transmission grid company”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***JSC “SPKB by repair and reconstruction”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***JSC “Mosteplosetenergoremont”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***JSC “Mosenergostroy”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: ***JSC Kashirskaya GRES-4”***

Appointment: ***a member of the Board of Directors***

Period: **2006 – till now**

Organization: **JSC “Shatura GRES-5”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “GRES-24”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “Zagorskaya GAES”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

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

Appointment: **a member of the Board of Directors** Stake in the issuer’s authorized capital: **0%**

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **no information**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **no information**

10. Smirnov Pavel Stepanovich

Year of birth: *1952*

Education: *high*

Appointments for last 5 years:

Period: *2001- till now*

Organization: *JSC RAO UES of Russia*

Appointment: *a member of the Management Board*

Period: *2005- till now*

Organization: *JSC “ENIN after the name of Krzhizhanovsky”*

Appointment: *a member of the Board of Directors*

Period: *2005- till now*

Organization: *JSC AK “Aviaenergo”*

Appointment: *Chairman of the Board of Directors*

Period: *2005- till now*

Organization: *Bashkirenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2005- till now*

Organization: *JSC “Bashkir grid company”*

Appointment: *Chairman of the Board of Directors*

Period: *2006- till now*

Organization: *Mosenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2006- till now*

Organization: *JSC “Managing power company”*

Appointment: *a member of the Board of Directors*

Period: *2006 – till now*

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

Appointment: *a member of the Board of Directors*

Period: *2006 – till now*

Organization: *Mosenergosbit, JSC*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *OJSC “Moscow Thermal Grid Company”*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

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

Appointment: *a member of the Board of Directors*

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: *none*

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

12. Yury Ivanovich Trofimov

Born: **1945**

Education: **higher**

Positions for the past 5 years:

11. Trofimov Yury Ivanovich

Year: **1945**

Education: **higher**

Appointments for last 5 years:

Period: **1999-2005**

Organization: **Orenburgenergo, JSC**

Appointment: **Director General**

Period: **2005 – 2005**

Organization: **JSC “Transmission grid company”**

Appointment: **Acting as of Director General**

Period: **2005 – till now**

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

Appointment: **Director General**

Period: **2006 – till now**

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

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

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

Appointment: ***a member of the Board of Directors***

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: ***none***

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: ***none***

12. Alexander Nikolaevich Chistyakov

Born: ***1973***

Education: ***higher***

Positions for the past 5 years:

Period: ***2002 – current***

Organization: ***JSC “UES FGC”***

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

Period: ***2006 – current***

Organization: ***JSC “Nurenergo”***

Appointment: ***member of the Board of Directors***

Period: ***2006 – current***

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

Appointment: ***member of the Board of Directors***

Period: ***2006 – current***

Organization: *IDGC of Centre and Northern Caucasus, JSC*
Appointment: *deputy chairperson of the Board of Directors*

Period: *2006 – current*

Organization: *IDGC of North-West, JSC*

Appointment: *member of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “Tyumenenergo”*

Appointment: *member of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “Lenenergo”*

Appointment: *Chairperson of the Board of Directors*

Period: *2006 – current*

Organization: *IDGC of Siberia, JSC*

Appointment: *Chairperson of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “Moscow Thermal Grid Company”*

Appointment: *member of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “Southern Grid Company”*

Appointment: *member of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “Russian Public Systems”*

Appointment: *member of the Board of Directors*

Period: *2006 – current*

Organization: *CJSC “Agency for Forecasting Balances in Electric industry”*

Appointment: *member of the Board of Directors*

Period: **2006 – current**

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

Appointment: **Chairman of the Board of Directors**

Period: **2006 – current**

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

Appointment: **member of the Board of Directors**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **no information**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **no information**

13. Shtykov Dmitry Viktorovich

Year of birth: **1976**

Education: **higher**

Appointments for last 5 years:

Period: **1999-2003**

Organization: **JSC RAO UES of Russia**

Appointment: **Key specialist, chief specialist discharging duties of Department Chief, Chief of Department by corporate policy**

Period: **2003 – till now**

Organization: *Fund “Institution of professional directors”, Moscow*

Appointment: *Director General*

Period: *2005 – till now*

Organization: *Orelenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2002 – till now*

Organization: *JSC “Zhigulevsk hydropower plant”*

Appointment: *a member of the Board of Directors*

Period: *2003 – till now*

Organization: *JSC “Volzhskaya hydropower plant”*

Appointment: *a member of the Board of Directors*

Period: *2003 – till now*

Organization: *Kurskenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *Vologdaenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *Tulenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2006 – till now*

Organization: *Mosenergosbit, JSC*

Appointment: *a member of the Board of Directors*

Period: *2004 – till now*

Organization: *Lenenrgo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2004 – till now*

Organization: *JSC “Serovskaya hydropower plant”*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *JSC “GRES-24”*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *JSC “Stavropolskaya electric generating company”*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *Volgogradenergo, JSC*

Appointment: *a member of the Board of Directors*

Period: *2004 – till now*

Organization: *JSC “PRP Primorenergoremont”*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

Organization: *JSC “Territorial generating company # 2”*

Appointment: *a member of the Board of Directors*

Period: **2005 – till now**

Organization: **JSC “Territorial generating company # 4”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “The third generating company of wholesale power market”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Saint Petersburg generating company”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **Dal’energo, JSC**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **Kuzbassenergo, JSC**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “The sixth generating company of wholesale power market”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “Buryatgeneration”**

Appointment: **Chairman of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Vladimirsk generating company”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Ekatinburgsk electric grid company”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **Kirovenergo, JSC**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Krasnoyarsk generation”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Stavropol joint-stock company of energetic and electrification”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “Territorial generating company #9”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Udmurtsk power marketing company”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Centre of energy industry”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Insurance broker “Energozashita”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Territorial generating company #10”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “Territorial generating company #8”**

Appointment: **a member of the Board of Directors**

Period: **2005 – till now**

Organization: **JSC “The fourth generating company of wholesale market”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **JSC “Pskov GRES”**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: **Samaraenergo, JSC**

Appointment: **a member of the Board of Directors**

Period: **2006 – till now**

Organization: *JSC “Chelyabinsk generating company”*

Appointment: *a member of the Board of Directors*

Period: *2006 – till now*

Organization: *JSC “Samara Territorial Generating Company”*

Appointment: *a member of the Board of Directors*

Period: *2005 – till now*

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

Appointment: *a member of the Board of Directors*

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: *no information*

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: *no information*

The collegial executive body is not provided for by the Charter.

The person who exercises the functions of the issuer’s sole executive body:

General Director of OJSC «Moscow United Electric Grid Company»

Yury Ivanovich Trofimov

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

concerning each governance body of the issuer

In 2006, the Company Board of Directors members received the remuneration for participation in the meetings of the Board of Directors in the amount of RUR 2,118,109. Besides, in 2006, the Company Board of Directors members received the remuneration for participation in the meetings of the Board of Directors in 2005 in the amount of RUR 1,032,804 and additional remuneration for the indicator of net profit of the Company following the results of the 2005 annual accounting reports which were approved by the Company's general meeting of shareholders – in the amount of RUR 403,855.

Information on the existing agreements concerning these payments in the current financial year:

The amount and procedure of remuneration and compensation payment to the members of the Board of Directors is fixed in the "Regulations for Payment of Remuneration and Compensation to the Board of Directors Members" approved by the Company annual General Shareholders Meeting on 26 June 2006.

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

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

According to Article 21 of the issuer's Charter:

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

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

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

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

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

- confirmation of the correctness of the information contained in the annual report, accounting balance sheet, income statement of the Company;*
- analysis of the Company financial standing, revealing of the reserves for the improvement of the financial situation in the Company and working out of recommendations for the Company management bodies;*
- organization and carrying out of an examination (audit) of the Company financial and economic activities, in particular:*
- examination (audit) of the financial, accounting, settlement and other documentation of the Company which is connected with carrying out by the Company of financial and economic activities in order to ensure its compliance with the Russian Federation laws, the Charter, internal and other documents of the Company;*
- control over safe keeping and use of fixed capital;*

- *control over the adherence to the order of writing off the insolvent debtors' debt to the Company losses;*
- *control over cash spending of the Company in accordance with the approved business plan and budget of the Company;*
- *control over the building up and use of the reserve and other specialized funds of the Company;*
- *examination of correctness and timely attributing and payment of dividends per the Company shares, interest per bonds and earnings per other securities;*
- *examination of the regulations issued earlier on the correction of violations and shortages revealed by the previous examinations (audits);*
- *carrying out of other actions (measures) connected with the examination of the Company financial and economic activities.*

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

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

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

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

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

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

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

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

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

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

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

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

The Company created a structural division – internal audit group.

Key employees: Yury Mikhailovich pukov, Georgy Efremovich Possessor.

The main functions of the internal audit group are control over the financial and economic activities of the issuer, its branches, and its structural divisions.

The decision of the OJSC "MOESK" Board of Directors (Minutes No. 37 of 15 December 2006) established The Audit Committee under the Board of Directors of OJSC "MOESK" in the number of three people, and approved the Regulations for the Audit Committee. The task of the Audit Committee is development and representation of recommendations (opinions) to the Board of Directors of OJSC "MOESK" as to the issues falling within the competence of the Audit Committee. The establishment of the Audit Committee is aimed to increase the transparency of OJSC "MOESK" activities and improvement of OJSC "MOESK" corporate governance system

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

The Internet website containing the text of the effective edition of the issuer's internal document establishing the rules for prevention of use of service (insider) information "Regulations for Insider Information of OJSC "Moscow Regional Electric Grid Company" is placed at www.moesk.ru .

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

The personnel structure of the Checkup Committee:

1. Baitov Anatoly Valerievich

Year of birth: **1977**

Education: **higher**

Appointments for last 5 years:

Period: **2002-2003**

Organization: **Representative office of JSC RAO UES of Russia "Centerenergo"**

Appointment: **Adviser by the work of Auditing Committees**

Period: **2003 - 2004**

Organization: **Fund "Institution of professional directors"**

Appointment: **Deputy General Director**

Period: **2004 – till now**

Organization: **JSC UES FGC**

Appointment: ***a member of the Auditing Committee***

Period: **2005**

Organization: **JSC “INTER RAO UES”**

Appointment: ***a member of the Auditing Committee***

Period: **2005**

Organization: **Yarenergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005 – till now**

Organization: **Vladimirenergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005**

Organization: **Astrakhanenergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005**

Organization: **Orelenergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005**

Organization: **Karelenergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005 – till now**

Organization: **Sverdlovennergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005**

Organization: **Tumenergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005**

Organization: **Rostovenergo, JSC**

Appointment: ***a member of the Auditing Committee***

Period: **2005 – till now**
Organization: *Volgogradenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *Nizhnovenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *Ivenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *Kostromaenergo, JSC*
Appointment: *a member of the Auditing Committee*
Period: **2005**
Organization: *Kurskenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *JSC “Karelia transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *JSC “Orel transmission grid company”*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *JSC “Smolensk transmission electric grid company”*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *OJSC “Moscow City Electric Grid Company»*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *JSC “Tula transmission electric grid company”*
Appointment: *a member of the Auditing Committee*

Period: **2005**
Organization: *JSC “Kursk transmission grids”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “Chelyabinsk transmission electric grids”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “Transmission grid company Rostovenergo”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “Tambov transmission grid company”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “Yaroslavl transmission grids”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “Kostroma transmission grids”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “Nizhny Novgorod transmission grid company”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “Penza transmission grid company”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “ITGC “Northwest”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *JSC “ITGC “Ural”*

Appointment: *a member of the Auditing Committee*

Period: **2005**

Organization: *Nurenergo, JSC*

Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *Kalugaenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *Tverenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *Voronezhenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *Ryazanenergo, JSC*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Krasnoyarsk transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Saint Petersburg transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Vologda transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Kola transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Tumen transmission grid company”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Orenburg transmission electric grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Transmission grid company”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Sverdlovsk transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Ryazan transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Vladimir transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Volgograd transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Tver transmission grids”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Voronezh transmission grid company”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Moscow managing power company”*
Appointment: *a member of the Auditing Committee*

Period: *2005 – till now*
Organization: *JSC “Kaluzhsk transmission grid company”*
Appointment: *a member of the Auditing Committee*

Period: *2006 – till now*
Organization: *JSC “ITGC “Centre”*
Appointment: *a member of the Auditing Committee*

Period: **2005 – till now**

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

Appointment: **a member of the Auditing Committee**

Period: **2005 – till now**

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

Appointment: **a member of the Auditing Committee**

Period: **2005 – till now**

Organization: **IDGC of Siberia, JSC**

Appointment: **a member of the Auditing Committee**

Period: **2006 – till now**

Organization: **JSC “Kurgan transmission grid company”**

Appointment: **a member of the Auditing Committee**

Period: **2006 – till now**

Organization: **Kubanenergo, JSC**

Appointment: **a member of the Auditing Committee**

Period: **2006 – till now**

Organization: **Kolenergo, JSC**

Appointment: **a member of the Auditing Committee**

Period: **2006 – till now**

Organization: **Kurganenergo, JSC**

Appointment: **a member of the Auditing Committee**

Period: **2006 – till now**

Organization: **Krasnoyarskenergo, JSC**

Appointment: **a member of the Auditing Committee**

Period: **2006 – till now**

Organization: **Tumenenergo, JSC**

Appointment: **a member of the Auditing Committee**

Period: **2005 – till now**

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

Appointment: **a member of the Auditing Committee**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **no information**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **no information**

2. Sergey Vyacheslavovich Vasiliev

Born: **1975**

Education: **higher**

Positions for the past 5 years:

Period: **2002 –2002**

Organization: **RAO UESR**

Position: **First Deputy Chief of the Law Department**

Period: **2002 – 2003**

Organization: **RAO UESR**

Position: **Acting Chief of the Law Department**

Period: **2003 – current**

Organization: **RAO UESR**

Position: **Chief of the Law Department**

Period: **2006 – current**

Organization: **CJSC "Yurenergo"**

Position: *Chairperson of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “Corporate Service Systems”*

Position: *Chairperson of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “TGC-5”*

Position: *member of the Board of Directors*

Period: *2006 – current*

Organization: *JSC “Perm Transmission Grid Company”*

Position: *Chairperson of the Board of Directors*

Period: *2006 – current*

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

Position: *member of the checkup committee*

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: *none*

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: *none*

3. Lyudmila Romanovna Matyunina

Born: *1950*

Education: *higher*

Positions for the past 5 years:

Period: **1998-2004**

Organization: **RAO UESR**

Position: **Deputy Chief of the Financial Audit Department**

Period: **2004-current**

Organization: **RAO UESR**

Position: **First Deputy Director of the Internal Audit Department of the Corporate Center**

Period: **2006-current**

Organization: **JSC «Altaienergo»**

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

Period: **2006-current**

Organization: **JSC «Tverenergo»**

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

Period: **2006-current**

Organization: **JSC «Karelenenergo»**

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

Period: **2006-current**

Organization: **JSC «Sverdlovenenergo»**

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

Period: **2005 – current**

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

Position: **member of the checkup committee**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

4. Anna Lvovna Parfyonova

Year of birth: **1975**

Education: **higher**

Appointments for the last 5 years:

Period: **2001 - 2005**

Organization: **Control and Account Chamber of the Volgograd Region, Volgograd**

Appointment: **adviser**

Period: **2005 – till now**

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

Appointment: **Leading Expert of the Department for Financial Control and Analysis**

Period: **2006 – till now**

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

Appointment: **a member of the Auditing Committee**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

5. Alexander Georgievich Erlikhman

Born: **1978**

Education: **higher**

Positions for the past 5 years:

Period: **2001-2003**

Organization: **CJSC "Guta Bank CB"**

Position: **Principle Manager of the top clients support administration**

Period: **2003-2005**

Organization: **"AGROPROMKREDIT CB" LLC**

Position: **Chief of the Division for Monitoring, Development and Organization of Bank Products Introduction; Principle Specialist of the Corporate Business Development Management**

Period: **2005-2005**

Organization: **"Russian International Bank" CB LLC**

Position: **Deputy Chief of the corporate clients support division**

Period: **2005-current**

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

Position: **Chief of the Financial Management**

Period: **2006 – current**

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

Position: **member of the checkup committee**

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

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

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

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

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

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

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

Information on bringing to the management responsibility for breach of law in finance, taxes and tax collections, securities market, or to the criminal liability (presence of previous conviction) for crimes in economy or for crimes against the government: **none**

Data on positions in governance bodies of the commercial organizations during the period when proceedings of bankruptcy and/or one of the procedures of bankruptcy stipulated by the legislation of the Russian Federation about insolvency (bankruptcy) were initiated against the specified organizations: **none**

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

In 2006 the members of the Company's checkup committee and the experts involved by the Company's checkup committee (who are not members of the checkup committee) received remuneration for carrying out checks of the Company's financial and economic activity in the amount of RUR 768,687.5.

Information on the effective agreements on such payments in the current financial year:

The amount and procedure of payment of remuneration and compensation to members of the checkup committee is established by the Regulations for Remuneration and Compensation Payment to the Checkup Committee Members approved by the extraordinary General Shareholders Meeting of OJSC "MOESK" on 28 March 2006.

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

The average number of the issuer's employees (staff), including the employees (staff) working with its branches and representative offices, and the amount of contributions for the labour payment and social support.

Indicator	2005	2006	Q 1 2007
Average staffing number, people	10,247	10,290	10,510

Share of the issuer's employees having higher professions education, %	28	30	30
Amount of monetary funds allocated for labour remuneration, RUR '000	1,520,775	2,792,290	994,668.9
Amount of monetary funds allocated for social support, RUR '000	353,876	609,596	5,359.6
Total amount of the spent monetary funds, RUR '000	1,874,651	3,401,886	1,000,028.5

In opinion of OJSC «Moscow Regional Electric Grid Company», the employee rendering a material influence on the issuer's financial and economic activities (key employees) is:

- 1. Yury Ivanovich Trofimov - General Director;*

On 27 October 2005, a primary trade-union organization of the Moscow Regional Committee "Electrounion" was created at the enterprise. The trade-union committee consists of eleven people elected for 5 years. The checkup committee of the trade-union organization consists of three people.

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

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

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

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

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

Total amount of persons recorded in the shareholders' register of the issuer for the date of the reporting period end – **18,158**

Including

Total amount of the issuer's nominee shareholders – **20**

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

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

1. The share of the authorized capital of the issuer accounting for 33.05022% is registered in the shareholders' register in the name of the nominee shareholder:

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

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

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

Phone: *(495) 956-0999, 411-8338* Fax: *(495) 232-68-04* E-mail: dcc@dcc.ru

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

Amount of ordinary shares of the issuer belonging to the given body – **9,337,036,436 pieces (nominee shareholder)**

2. The share of the authorized capital of the issuer in the amount of 6.3375 % is registered in the issuer's shareholders register in the name of the nominee shareholder:

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

Short company name: *NDC*

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

Phone: *(495) 956-2-659* Fax: *(495) 965-09-38* E-mail: info@ndc.ru

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

Amount of ordinary shares belonging to the given body - *1,790,303,733 pieces (nominee shareholder)*

3. The share of the authorized capital of the issuer in the amount of 50.9009 % is registered in the issuer's shareholders register in the name of the nominee shareholder:

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

Short company name: *LLC "DCT"*

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

Phone: *(495) 641-30-31*, Fax: *(495) 641-30-31*; E-mail: *Dkt@depotech.ru*

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

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

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

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

0.000036% is in ownership of the Moscow Region

Holder of the parcel of shares:

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

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

Postal address: *18 Lesteva street, Moscow, 115162*

Body fulfilling on behalf of the RF component unit the functions of the issuer's shareholder: *Ministry of Property Relations of the Moscow Region.*

Special Right for the participation of the Russian Federation, subjects of the Russian Federation, municipal formations in the issuer's administration: *none*

6.4. Data on restrictions on participation in the authorized (joint-stock) capital (share fund) of the issuer

The limiting of shares amount belonging to one shareholders and/or their total nominal value, and/or maximum amount of votes presented to one shareholder: *none*

Limitation for the share of the foreign persons' participation in the authorized capital of the issuer: *none*

Other limitations connected with the participation in the authorized (share) capital (share fund) of the issuer: *none*

6.5. Data on changes in the composition and stake of the issuer's shareholders (participants) owning at least 5 percent of its authorized (joint-stock) capital (share fund) or at least 5 percent of its ordinary shares

Information on the structure and amount of the issuer's shareholders participation possessing at least 5% of his/her ordinary shares and for 5 past completed financial years is not presented concerning the fact that the issuer is registered as a legal body on April 1, 2005.

The information on the structure and amount of the issuer's shareholders participation possessing at least 5% of its ordinary shares for the date of the list of persons compiling possessing the right to participate in the extraordinary general meeting of shareholders of 28 March 2006 and annual general meeting of shareholders of 26 June 2006.

<i>Type of meeting</i>	<i>Date of the list of persons compiling possessing the right to take part in the general meeting of shareholders</i>	<i>Name of the Shareholder</i>	<i>Share of the authorized capital, %</i>	<i>Amount of the ordinary shares, %</i>
<i>EGMS</i>	<i>28.03.2006</i>	<i>Unified Energy System of Russia</i>	<i>50.90</i>	<i>50.90</i>
		<i>Leader (CJSC) (Pension fund asset management company) BO NPF "Gazfond"</i>	<i>18.40</i>	<i>18.40</i>

		<i>Solidene Inc.</i>	<i>6.63</i>	<i>6.63</i>
		<i>WELLSTONE TRADING LIMITED</i>	<i>6.00</i>	<i>6.00</i>
<i>AGMS</i>	<i>26.06.2006</i>	<i>Unified Energy System of Russia</i>	<i>50.90</i>	<i>50.90</i>
		<i>Leader (CJSC) (Pension fund asset management company) BO NPF "Gazfond"</i>	<i>18.40</i>	<i>18.40</i>
		<i>Solidene Inc.</i>	<i>6.00</i>	<i>6.00</i>
		<i>WELLSTONE TRADING LIMITED</i>	<i>6.63</i>	<i>6.63</i>

6.6. Data on the issuer's interested-party transactions

Total amount of the closed interested party transactions expressed in money terms approved by each management body of the issuer concerning the results of the past accounting quarter

Index Name	<i>For the 1st quarter of 2007</i>
Total number and amount of the closed interested party transactions expressed in money terms made by the issuer and needed the approval of the management body of the issuer closed by the issuer during the reporting period, pieces/RUR.	<i>12 transactions for the total amount of RUR 7,350,211.81; 1 transaction, the price of which is determined under the tariff; 1 transaction, the price of which is determined in percent of the total volume of the rendered services</i>
Amount of the closed interested party transactions expressed in money terms and approved by the management body of the issuer closed by the issuer during the reporting period, pieces/RUR	<i>0</i>
Amount of the closed interested party transactions expressed in money terms and approved by the Board of Directors (Supervisory Board) of the issuer closed by the issuer during the reporting period, pieces/RUR	<i>12 transactions for the total amount of RUR 7,350,211.81; 1 transaction, the price of which is determined under the tariff; 1 transaction, the price of which is determined in percent of the total volume of the rendered services</i>
Amount of the closed interested party transactions expressed in money terms and needed the approval of the management body of the issuer (but were not approved by it) closed by the issuer during the reporting period, pieces/RUR	<i>0</i>

In the first quarter of 2007 the issuer did not make transactions (group of interdependent transactions) which price accounts for 5 and more per cent of the balance value of the issuer's assets, determined in accordance with the data of the accounting report for the past reporting date before the transaction completion.

There were no interested party transactions (groups of interdependent transactions) which needed the approval of the management body of the issuer, but were not approved by it during the accounting quarter.

6.7. Data on debt receivable amount

Name of the indicator	2006
<i>Total sum of accounts receivable, RUR thousand</i>	<i>7,826,355</i>
<i>Total sum of overdue accounts receivable RUR thousand</i>	<i>-</i>

Structure of the accounts receivable at 31.12.2006:

Type of accounts receivable, RUR	Payment term	
	<i>Up to 1 year</i>	<i>Over 1 year</i>
Trade debtors	<i>2,048,206</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Notes payable, receivable	<i>0</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Accounts receivable of the participants (founders) concerning the contributions to the authorized fund (capital)	<i>0</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Advances made accounts receivable	<i>3,481,806</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Other accounts receivable	<i>2,296,203</i>	<i>140</i>

Including overdue accounts receivable	<i>0</i>	<i>x</i>
Total:	<i>7,826,215</i>	<i>140</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>

Debtors which share accounts for at least 10% of the total amount of the whole sum of the accounts receivable:

Full company name: ***Closed joint-stock company "Business Alliance"***

Shortened company name: ***CJSC "Business Alliance"***

The location: ***119072, Moscow, Bersenevskaya emb., 16, bld.5***

Amount of receivables: ***RUR 829,883 thousand.***

Amount and conditions of delayed receivables (interest rate, penal sanctions, fines): ***none***

Name of the indicator	Q 1 2007
<i>Total sum of accounts receivable, RUR thousand</i>	<i>9,765,623</i>
<i>Total sum of overdue accounts receivable RUR thousand</i>	<i>-</i>

Structure of the accounts receivable at 31.03.2007:

Type of accounts receivable, RUR	Payment term	
	<i>Up to 1 year</i>	<i>Over 1 year</i>
Trade debtors	<i>1,925,117</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Notes payable, receivable	<i>0</i>	<i>0</i>
Including overdue accounts receivable	<i>0</i>	<i>x</i>
Accounts receivable of the participants (founders) concerning the contributions to the authorized fund	<i>0</i>	<i>0</i>

(capital)		
Including overdue accounts receivable	0	x
Advances made accounts receivable	5,161,839	0
Including overdue accounts receivable	0	x
Other accounts receivable	2,678,667	0
Including overdue accounts receivable	0	x
Total:	9,765,623	0
Including overdue accounts receivable	0	x

Debtors which share accounts for at least 10% of the total amount of the whole sum of the accounts receivable:

None

VII. Issuer's accounting reports and other financial information:

7.1. Annual financial statement of the issuer:

Annual accounting reports of the issuer for 2006 financial year, made up in accordance with the requirements of the Russian Federation legislation is enclosed to this quarterly report (Appendix No.1).

The issuer's accounting reports consist of:

- *balance sheet (form 1)*
- *profit and loss statement (form 2)*
- *statement of changes in equity (form 3)*
- *cash flow statement (form 4)*
- *appendix to balance sheet (form 5)*
- *explanatory note*
- *auditor's report*

The issuer does not compile annual accounting reports in accordance with the International Financial Reporting Standards or US Generally Accepted Accounting Principles.

7.2. Quarterly accounting reports of the issuer for the previous completed reporting quarter

Quarterly financial statement of the issuer for the 1st quarter of 2007 made up in accordance with the requirements of the Russian Federation legislation is applied to this quarterly report (Appendix No.2)

The issuer's accounting reports for the 1st quarter 2007 consists of:

- *balance sheet (form 1)*
- *profit and loss statement (form 2)*

Issuer does not compile the quarterly financial statement in accordance with International Financial Reporting Standards or the US Generally Accepted Accounting Principles.

7.3 Summary accounting reports of the issuer for the previous completed financial year

The consolidated accounting reports for the 2006 financial year are not provided for since the issuer as of the date of the end of the year 2006 has no subsidiaries and (or) dependent entities.

The issuer did not compile consolidated accounting reports in accordance with the International Financial Reporting Standards.

7.4. Data on the issuer's accounting policy

Information on the accounting policies of the Issuer for 2007, approved by the issuer for the present financial year are presented in Appendix No.3 to the quarterly report for the first quarter of 2007.

Accounting policy of the Company is carried out in accordance with the Federal law as of November 29, 1996 No.129-FL "On Accounting" (issued as of November 3, 2006) and normative documents of the Ministry of Finance of the Russian Federation regulating the order of the Financial statement making and carrying out.

7.5. Data on total amount of export and an export share in the total amount of sales

The Issuer does not carry out the export of the products (goods, works services).

7.6. Data on the value of the issuer's real estate and essential changes which occurred in the structure of the issuer's property after the date of the previous completed financial year.

The total value of the fixed assets and the amount of the accumulated depreciation for the date of the reporting quarter end.

Year 2006

No.	Name	Total cost (RUR, thousand)	Amount of the accumulated depreciation (RUR, thousand)
<i>1</i>	<i>Buildings, construction and transmission devices</i>	<i>20,939,290</i>	<i>1,324,990</i>

Quarter 1, 2007

No.	Name	Total cost (RUR, thousand)	Amount of the accumulated depreciation (RUR, thousand)
<i>1</i>	<i>Buildings, construction and transmission devices</i>	<i>21,209,364</i>	<i>1,550,681</i>

During 12 months before the date of the reporting quarter end the assessment of the fixed assets owned or rented for the long term by the issuer was not carried out by the appraiser.

There were no acquisition and retirement of the fixed assets objects with the cost exceeding 5 per cent of the balance value of the issuer's assets after the end of the financial year.

7.7. Data on participation of the issuer in litigations if such participation may have a material effect on the financial and economic activities

There were no judicial proceedings which could considerably influence the financial and industrial activity of the Company.

VIII. Additional information on the issuer and the placement of the equity securities

8.1. Additional data on the issuer

8.1.1. Data on the amount, structure of the authorized (joint-stock) capital (share fund) of the issuer

Information on the authorized capital of the issuer:

Amount of the authorized capital is *14,124,679,850 (fourteen billion, one hundred and twenty -four million, six hundred and seventy-nine thousand eight hundred and fifty) rubles.*

Ordinary shares: *28,249,359,700 (Twenty eight billion two hundred forty nine million three hundred fifty nine thousand seven hundred) pieces.*

Total par value of the ordinary shares: *14,124,679,850 (fourteen billion one hundred twenty four million six hundred seventy nine thousand eight hundred fifty) rubles.*

Share of the ordinary shares in the authorized capital of the issuer: *100%*

Par value of each share: *RUR 0.5*

Shares of the issuer do not circulate beyond the boundaries of the Russian Federation.

8.1.2. Data on the change of the amount of the authorized (joint-stock) capital (share fund) of the issuer

Since the moment of the state registration of the issuer as a legal entity (01.04.2005), the amount of the issuer's authorized capital did not change.

8.1.3. Data on formation and use of the reserve fund and other funds of the issuer

The name of the fund is the **reserve fund**.

Amount of the fund established in accordance with the authorized documents: *in accordance with the articles of the Issuer, the creation of the Reserve fund is determined in the amount of 5% form the issuer's authorized capital.*

Since the issuer was registered as a legal entity on 01.04.2005, the information for the last 5 completed financial years is not specified.

Information for the years 2005 and 2006, as well as for the first quarter of the current financial year:

	2005	2006	Q 1 2007
amount of the fund expressed in money means for the date of the reporting	<i>The reserve and other funds were</i>	<i>RUR 64,690 thousand – 0.458 % of the</i>	<i>RUR 64,690 thousand – 0.458 % of the</i>

period end and in percentage terms from the authorized (share) capital (co-op share fund)	<i>not established as of the moment of the end of the reporting period</i>	<i>% of the authorized capital</i>	<i>% of the authorized capital</i>
amount allocated to the fund during the reporting period	<i>No contributions to the fund in the reporting period</i>	<i>RUR 64,690 thousand</i>	<i>No contributions to the fund in the reporting period</i>
amount of the fund means used during the correspondent reporting period and directions of these means use.	<i>The reserve and other funds were not established as of the moment of the end of the reporting period</i>	<i>The funds of the reserve funds were not used in the reporting period</i>	<i>The funds of the reserve funds were not used in the reporting period</i>

8.1.4. Data on the procedure of convocation and carrying out the meeting (conference) of the issuer supreme governance body

Name of the top body of the issuer's management: *General meeting of shareholders*

The order of shareholders' notifying on meeting (session) carrying out of the top body of the issuer's management in accordance with the Articles:

11.5. Notification on the General Meeting of shareholders carrying out is addressed to (or handled to) each person indicated in the list of persons possessing the right to take part in the General meeting of shareholders and also shall be published by the Company at least 30 days prior to the date of its carrying out in socio-political newspaper "Izvestia".

If the nominee shareholder is registered in the Company's shareholder's register the notification on the General meeting of shareholders carrying out is directed to the nominee shareholder if the list of persons possessing the right for participation in the General meeting of shareholders does not contain other postal addresses the notification on the General meeting of shareholders shall be directed to.

11.6 Agenda issues voting bulletins shall be sent via postal special delivery to the address indicated in the list of persons possessing the right to participate in the general meeting of shareholders or given against signature to each person indicated in the list of persons possessing the right to participate in the General meeting of shareholders if there is no other address the notification on the General meeting of shareholders carrying out shall be sent to.

Each person included into the list shall be presented one copy of the bulletin for voting concerning all items or one copy of two and more bulletins for voting concerning different issues.

12.4 Notification on the General Meeting of shareholders carrying out by means of the absentee voting shall be published by the Company in the socio-political newspaper "Izvestia" at least 30 (Thirty) days prior to the date of the bulletin acquisition deadline.

12.5. Agenda questions voting bulletins shall be sent via postal special delivery to the address indicated in the list of persons possessing the right to participate in the general meeting of shareholders or given against signature to each person indicated in the list of persons possessing the right to participate in the General meeting of shareholders at least 20 (Twenty) days prior to the date of the Company's bulletins acquisition deadline.

Each person included into the list shall be presented one copy of the bulletin for voting covering all agenda items or one copy of two and more bulletins for voting concerning different issues.

The order of persons' familiarization with agenda items information (materials) concerning the agenda of the General meeting of shareholders and the list of such information (materials) shall be determined by the decision of the Company's Board of Directors.

Persons (bodies) entitled to convene (require holding) of the extraordinary meeting (session) of the issuer's top management body and also the order of the direction (presentation) of such requirements in accordance with the Articles:

14.2. Extraordinary General Meeting of Shareholders shall be carried out by the decision of the Board of Directors of the Company on the basis of their own initiative, requirements of the Checkup Committee of the Company, Company's Auditor and also a shareholder (shareholders) of the Company possessing at least 10 (Ten) per cent of the voting shares of the Company for the date of the requirement presentation.

14.4 Items that are to be included into the agenda of the Company's General Meeting of Shareholders shall be presented in the requirement of the Company's General meeting of shareholders carrying out.

14.5. If the requirement to hold the Extraordinary General Meeting of shareholders of the Company is presented by the shareholder (shareholders), it shall contain the name (description) of the shareholder (shareholders) requiring the meeting carrying out indicating the quality, category (type) of the Company's shares belonging to them.

Requirements of the company's extraordinary General Meeting of shareholders convening shall be signed by a person (persons) who require the Company's Extraordinary General Meeting of shareholders.

The order of the meeting date of the Issuer's top management body determination is carried out in accordance with the Articles:

11.1. Annual General meeting of shareholders of the Company shall be carried out not earlier than two months after and not later than six months after the financial year end.

Annual General meeting of shareholders must solve the issues of the election of the Board of Directors, and Checkup committee. It must also approve the Auditor of the Company, Annual report of the Company presented by the Company's Board of Directors together with reports on profits and losses (income statement) of the Company, and also profit distribution (including the payment (declaration) of dividends except for profit distributed as dividends concerning the results of the first quarter, half year, nine months of the financial year) and losses of the Company concerning the results of the financial year.

14.3. Convening of the General Meeting of shareholders by the requirement of the Checkup Committee of the Company, Auditor of the Company and shareholder (shareholders) being the owners of at least 10 (Ten) percent of the Company's voting shares is carried out by the Company's Board of Directors.

Such General meeting of shareholders shall be carried out within 40 (Forty) days since the moment of the requirement presentation on the Company's General Meeting of shareholders carrying out, except for the case determined by paragraph 14.9 of the Articles.

Persons who are entitled to introduce suggestions to the agenda of the issuer's top management body meeting and also the order of such suggestions introduction according to the Articles:

13.1. Shareholders (shareholder) being the owners of at least 2 per cent of the company's voting shares possess the right to introduce the amendments to the agenda to the Annual general meeting of shareholders and promote candidates to the Company's Board of Directors and Checkup committee, which amount can not exceed the qualitative structure amount of the correspondent body. Such proposals shall be introduced to the Company not later than 60 (Sixty) days after the financial year end.

13.2. The suggestion to introduce the issues to the agenda of the General Meeting of shareholders and the suggestion on the candidates promotion shall be presented in the written form with the indication of the name (description) of the shareholders (shareholder) representing them, amount and category (type) of shares belonging to them and are to be signed by the shareholders (shareholder).

13.3. The suggestion to present the items to the agenda of the General meeting of shareholders shall contain the wording of each proposed item, and the proposal on candidates' promotion shall contain the name and data of the document of identification (series and (or) number of the document, date and place of its issue and the body issued the document) of each promoted candidate, and the name of the body he/she is promoted to.

Persons that possess the right to familiarize themselves with information (materials), presented for the preparation and carrying out of the meeting (session) of the top management body of the issuer and also the order of familiarization with such information (materials) in accordance with the Articles:

11.7. Information (materials) concerning the agenda items of the General Meeting of shareholders 20 (Twenty) days prior, or should the General Meeting of shareholders agenda contain the item on the Company's restructuring - 30 (Thirty) days prior to the General Meeting of Shareholders carrying out shall be available for the persons entitled to take part in the General Meeting of

shareholders for them to familiarize themselves in the office of the General Meeting of shareholders. The abovementioned information (materials) shall be available for the persons entitled to take part in the General meeting of shareholders during its carrying out.

The order of the persons entitled to take part in the General meeting of shareholders familiarization with information (materials) concerning the agenda items of the General meeting of shareholders and the list of such information shall be determined by the Company's Board of Directors.

8.1.5. Data on the commercial organizations, in which the issuer owns at least 5 percent of the authorized (joint-stock) capital (share fund) or at least 5 percent of ordinary shares

Commercial organizations where issuer possesses at least 5 per cent of the authorized (share) capital (co-op share fund) or at least 5 per cent of the ordinary shares for the date of the financial year reporting quarter end.

Full company name: **Open Joint Stock Company “Energocenter”**

Short company name: **OJSC “Energocenter”**

Location: **65 Kirova Street, City of Podolsk, Moscow Region, 142117.**

Postal address: **6, 1st Kozhevnicheskiy side-street, Building 1, office 408, 115114.**

Share of the issuer in the authorized capital of the commercial organization: **50%**

Amount of the joint-stock company ordinary shares belonging to the Company's issuer: **50%**

Share of the commercial organization in the authorized capital of the issuer: **0%**

Amount of the ordinary shares of the issuer belonging to the commercial organization: **0%**

8.1.6. Information on substantial transactions made by the issuer

The information on material transactions completed by the issuer for the last 5 completed financial years is not specified in connection with the fact that the issuer was registered as a legal entity on 1.05.2005

In 2005, 2006 the issuer did not complete material transactions (group of related transactions), the amount of obligations under which is 10 and more percent of the assets book value according to its accounting reporting for the last reporting quarter prior to the date of fulfilment of the transaction (material transaction).

In the 1st quarter of 2007 the Company completed 1 transaction, the amount of obligations under which exceeded 10 percent of the assets book value of the issuer according to its accounting reporting for the last reporting quarter prior to the date of fulfilment of the transaction - Additional Agreement to the Contract of financial rent (leasing) with Closed Joint-Stock Company - Leasing Company "BUSINESS ALLIANCE".

Kind and subject of the transaction, contents of the transaction, including civil rights and duties, for establishment, change or termination of which the completed transaction is aimed:

Change of contract provisions of financial rent (leasing) БА-2/2006 as of 24.04.2006 between OJSC "Moscow United Electric Grid Company" and Close Joint-Stock Company Leasing Company "BUSINESS ALLIANCE".

Term of execution of obligations under the transaction, parties and beneficiary under the transaction, the amount of the transaction in money terms and in percent of the issuer's assets book value:

Validity of the additional agreement. The additional agreement came into effect since the moment of its signing by the Parties and is in effect till full execution of obligations under the Contract.

The additional agreement to the Contract of financial rent (leasing) between OJSC "Moscow United Electric Grid Company" and Close Joint-Stock Company Leasing Company "BUSINESS ALLIANCE" changes the following contract provisions:

Price of the contract. The total amount under the contract is 10,747,605,800 (Ten billion, seven hundred and forty seven million, six hundred and five thousand, eight hundred) rubles and represents a total amount of leasing payments on all Parties of the Equipment.

Value of the transaction is 22.22 % of the Company's asset value.

Value of the issuer's assets at the date of the end of the reporting period (quarter, year), prior to fulfilment of the transaction (date of the signing the contract) and concerning which the accounting reports according to the legislation of the Russian Federation are made:

RUR 48,369,605,960.

Date of fulfilment of the transaction (conclusion of the contract): **10 January 2007**

Data on approval of the transaction if such transaction is a large transaction or interested-party transaction: ***the Transaction was approved by the decision of the Company's Board of Directors as of 28.02.2007 (Minutes No.40 as of 2.03.2007)***

Category of the transaction (large transaction; interested-party transaction; large transaction being simultaneously interested-party transaction): ***the Transaction, the subject of which is property, works or services, the value of which is from 5 up to 25 percent of the Company's assets book value.***

The issuer's governance body which made a decision on approval of the transaction: ***the Board of Directors of OJSC "Moscow United Electric Grid Company"***

Date of decision-making on approval of the transaction: ***28 February 2007***

Date of drawing up and number of the minutes of the meeting (proceedings) of the issuer's authorized governance body, where the decision on approval of the transaction was adopted: ***minutes 40 as of 2 March 2007***

8.1.7. Information on credit ratings of the issuer

Credit ratings were not assigned to the issuer or its securities.

8.2. Information on each category (type) of the issuer's shares

Category: ***ordinary registered shares***

Nominal value of each share: ***RUR 0.5***

Amount of outstanding shares (amount of shares canceled or void): ***28,249,359,700 (Twenty eight billions two hundred forty nine millions three hundred fifty nine thousand seven hundred) pieces.***

Amount of additional outstanding shares being in the process of placement (amount of shares of the additional issue which did not go through the state registration of the report on the results of the issue): ***no such shares***

Amount of declared shares: ***no such shares***

Amount of shares being on the issuer's balance: ***no such shares***

Amount of the additional shares which can be placed as a result of conversion of the placed securities convertible into shares or as a result of the obligations carrying out concerning the issuer's option: ***no such shares***

State registration number and the date of the state registration of the issuer's shares:

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

Rights the ordinary shares holders are entitled with:

According to paragraph 6.2. of article 6 of the Issuer's Articles: "Each ordinary share entitles the shareholder – its owner with equal amount of rights.

Shareholders – owners of the ordinary shares of the Company are entitled to:

- 1) take part personally or via representatives in the General meeting of Company's' shareholders with the right to give votes for all the questions concerning their scope of functions;*
- 2) introduce the suggestions to the agenda of the general meeting in the order determined by the Legislation of the Russian Federation and Articles;*
- 3) acquire information concerning the Company's activity and get acquainted with the documents of the Company in accordance with article 91 of the Federal law "On Joint-Stock Companies", other normative legal acts and the Article;*
- 4) receive dividends declared by the Company;*
- 5) primarily acquire additional shares and equity securities convertible into shares placed by means of open public subscription in the amount proportionate to the amount of ordinary shares belonging to them;*
- 6) get a part of its property in case of the Company's liquidation;*
- 7) carry out other rights determined by the legislation of the Russian Federation and the Articles"*

Paragraph 13.1 of article 13 of the Charter: "Shareholders (shareholder) of the Company, possessing together with the owners at least 2 per cent of the voting shares of the Company are entitled to introduce items to the agenda of the Annual general meeting of shareholders and promote candidates to the Board of Directors of the Company and Checkup Committee of the Company. Their amount shall not exceed the quantitative structure amount of the correspondent body. Such proposals shall be presented to the Company not later than 60 (Sixty) days after the financial year end."

Paragraph 14.2 of Article 14 of the Articles: "Extraordinary General meeting of shareholders shall be carried out by the Decision of the Company's Board of Directors on the basis of their own initiative, requirements of the Checkup committee of the Company, Auditor of the Company or shareholder (shareholders) of the company being the owners of at least 10 (Ten) per cent of the voting shares of the company for the date of the requirements presentation"

Paragraph 21.7 of article 21 of the Articles: "Checkup (Audit) of the financial and industrial activity of the Company can be carried out each time by the initiative of the Checkup Committee of the Company, decision of the General meeting of shareholders, Company's Board of Directors or by the requirement of the shareholder (shareholders) of the Company possessing in total at least 10 per cent of the voting shares of the Company"

8.3. Information on preliminary issues of the issuer's equity securities except for the issuer's shares

8.3.1. Information on the issues where all equity securities are redeemed (cancelled)

There are no issues where all equity securities were redeemed (cancelled).

8.3.2. Information on the issues which all securities are in turnover:

Type, series, form and other identification features of securities:

Documentary non-convertible per cent securities for the bearer of 01 series with the obligatory centralized storage with the term of payment in 1820th calendar day since the date of the placement beginning without the possibility of the advanced repayment .

State registration number of the securities issue: **4-01-65116-D**

Date of the state registration of the securities issue: **June 22, 2006**

Date of the state registration of the report on the results of the securities issue: **October 24, 2006**

Name of the registering body, carrying out the state registration of the securities issue and the state registration of the report on the results of the securities issue: **FFMS of Russia.**

Amount of the securities of the issue:

6,000,000 (Six million) pieces

Nominal value of each security of the issue:

RUR 1,000 (One thousand)

Nominal value of the issue amount:

RUR 6,000,000,000 (Six billion).

Rights determined by each security of the issue:

Bonds are direct liabilities of the Open Joint-Stock Company “Moscow Region Power Grid Company” (hereinafter referred to as – “Issuer”)

Bonds owner possesses the right to acquire during the bonds redemption the nominal value of the bonds for the term determined by the Decision on the securities issue and the Prospectus of the securities.

Bonds owner possesses the right to acquire the coupon profit (per cent of the Bonds nominal value) at the end of the coupon period which determination order is presented in paragraph 9.3. of the Issue Decision and 9.1.2. of the Securities Prospectus.

Bonds owner is entitled with the right to require the Issuer's bonds acquisition in cases and on conditions determined in paragraph 10 of the Decision on the Securities Issue and 9.1.2 of the Securities prospectus.

In case of non-fulfillment or improper fulfillment of the obligations by the Issuer the owners and/or nominal holders of the bonds possess the right to address to the person who presented the guarantee concerning the Bonds issue in accordance with the conditions of the requirements provision indicated in paragraph 12 of the Securities issue decision and paragraphs g), h). and paragraph 9.1.2. of the Securities Prospectus.

A collateral trust bond entitles the owner with the rights implied in such a guarantee. With the transition of all the rights to the Bond the acquirer gets all the rights arisen from such a guarantee in the same amount and on the same conditions which are valid for the moment of the rights transition to the Bond. Rights transition occurred from the given guarantee without the transition of the rights to the Bond is invalid.

The Issuer undertakes the obligation to ensure the return of investment means to the owners should the Bonds issue be considered void or invalid according to the legislation of the Russian Federation.

Besides all the rights enumerated the Bonds owner is entitled to exercise other property rights stipulated by the present Legislation of the Russian Federation.

Information on the Depository carrying out the centralized storage of the bonds:
The obligatory centralized storage of the bonds issue is stipulated.

The depository carrying out the centralized storage:

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

Short company name: *NDC*

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

TPIN: *7706131216*

Phone: *(495) 232-0527*

License number: *No. 177-03431-000100*

Issue date: *December 4, 2000*

Period of validity: *unlimited license*

License giving body: *FCSM of Russia*

Order and conditions of bonds redemption

Form of bonds redemption:

Bonds' paying off is carried out by money means in RUR (Russian Rubles) in cashless order. The possibility to choose the form of the bonds redemption is not stipulated.

Order and conditions of bonds paying off including the maturity date.

Bonds' paying off is carried out by the Paying agent at the expense of and by the order of the Issuer.

Functions of the Paying agent during the bonds paying off are carried out by Noncommercial Partnership "National Depository Center". Information on Noncommercial Partnership "National Depository Center"

is presented in paragraph 9.6. of the Issue decision and paragraph 9.1.2. e) of the Prospectus.

The Issuer is entitled to assign other Paying agents and cancel such assignments. Official announcement of the Issuer concerning the abovementioned actions shall be published by the Issuer in the news line and also in the newspaper "Izvestia" within 5 days since the date of such assignments occurrence or their cancellation. The publican in the "Izvestia" newspaper shall be carried out after the publication in the news line.

The Bonds shall be paid off according to the nominal value within 1820 calendar days since the date of the placement beginning.

If the date of the placement beginning is a day off, irrespective of the fact whether it is a state day off and/or a day off for the accounting activities the payment of the proper amount is carried out on the first working day following the day off. Bonds owner is not entitled to require per cents charge or any other indemnification for such a payment delay.

Redemption of the Bonds nominal value is carried out by money means in RUR (Russian Ruble) currency in cashless term for benefit of the Bonds owners.

It is presumed that the nominal holders – are the depositors of NDC (Depository) are entrusted with the right to get the amounts of the Bonds nominal value paying off. NDC depositor is not entrusted by the clients to get the amounts of the Bonds nominal value paying off shall transfer the list of Bonds owners containing all the data further determined in the List of owners and/or Bonds nominal holders to NDC not later than 13-00 prior (Moscow Time) on the 3rd working day before the date of the bonds paying off.

If the Bonds' owner rights are taken into consideration by the nominal holder and the nominal holder is entitled to get the amount of the Bonds nominal value paying off, the body entrusted to get the amount of the Bonds nominal value paying off is the nominal holder.

Should the Bonds' owner rights not taken into consideration by the nominal holder or the nominal holder is not entrusted by the owner to get the amount of the Bonds nominal value paying off, the body entitled to get the amount of the Bonds nominal value paying off is the owner (for the physical persons there shall be indicated Name, Last name and Patronymic of the owner).

Bonds' nominal value redemption is carried out for benefit of the Bonds' owners being such as of the moment of NDC operation day end preceding the 3rd working day before the date of the Bonds' nominal value paying off (hereinafter referred to as – "Date of the list of owners and/or Bonds' nominal holders compiling").

The obligations fulfillment in relation to the owner included into the List of owners and/or Bonds nominal holders is considered proper also in case of Bonds alienation after the date of the list of owners and/or Bonds' nominal holders compiling.

Beginning with NDC operation day end on the Date of the List of owners and/or Bonds nominal holders compiling for the purpose of the Bonds' nominal value paying off the Bonds purchase and sale transactions making from purchasing organizers assumed the Bonds for trading shall be stopped according of the rules of the trading organizers.

Should the owners who entrusted the nominal holder to acquire the amounts of the Bonds paying off consist of the non residents and/or physical persons the nominal holder is to indicate in the list of the Bonds owners, the following information concerning these persons:

- *Full name/ Name, last name and patronymic of the Bonds owner;*
- *Amount of shares belonging to the owner;*
- *Complete list of persons entrusted to get the Bonds' paying off amounts;*
- *Location (place of registration – for physical persons) and postal address including the index of the Bonds owner;*
- *Details of the Persons' Bank Account entrusted to get Bonds' paying off amounts;*
- *Tax payer identification number (TPIN) of the Bonds owner;*
- *Tax status of the Bonds owner if the Bonds owner is the legal person-non-resident;*
- *Personal identification number (PIN) if any, if the Bonds owner is the physical person;*
- *Type, number date and place of the document issue identifying the Bonds owner and name of the body issued the document;*
- *Number of the state pension insurance certificate of the Bonds owner (if any);*
- *TPIN of the Bonds owner (if any);*
- *Date, month and year of the Bonds owner;*

Not later than on the 2nd (second) working day before the date of the Bonds nominal value paying off NDC gives the Issuer and the Paying agent the List of Owners and/or Bonds nominal holders containing the following data:

- a) Full name of the person entitled to get the amounts of the Bonds nominal value paying off (Name, Last name and patronymic for the physical person);*
- b) Amount of bonds considered on the security account of the Body entrusted to get the amounts of the Bonds nominal value paying off;*
- c) Location and postal address of the person entrusted to get the Bonds nominal value paying off;*
- d) Details of the bank account of the person entrusted to get the Bonds nominal value paying off, that is:*
 - *Account number;*
 - *Name of the bank the account is opened at;*
 - *Bank correspondent account the account is opened at;*
 - *Bank identification code (BIC) of the Bank the account is opened at.*

E) Tax payer identification number (TPIN) of the body entrusted to get the amounts of the Bonds nominal value paying off (if any);

F) Tax status of the person entrusted to get the amounts of the Bonds nominal value paying off (resident/non-resident with permanent establishment on the territory of the Russian Federation; non-resident without the permanent establishment on the territory of the Russian Federation and etc.)

g) Code of the reason for registration (Tax Code) of the person entrusted to get the amounts of revenue and/or Bonds paying off.

Bonds owners, their authorized persons including NDC depositors, on their own shall check up the fullness and topicality of the bank account information and other data presented by them to NDC. If the abovementioned information was not presented or presented untimely to NDC, the Issuers' obligations fulfillment directed to the Bonds nominal value paying off is presented to the person who required the obligations fulfillment and is the Bonds owner for the date of the requirement presentation. Together with this, the Issuer's Bonds obligation fulfillment shall be carried out on the basis of NDC data. In this case, the Issuer's obligations are considered fulfilled in full scale and proper manner. If the bank account requisites and other information necessary for the Issuers' obligations fulfillment does not let timely carry out money means transmission such a delay can not be considered as delay in Bonds obligations performance, and the Bonds owner can not require the interest accrual or any other indemnification payment for such a delay in payment. In the

abovementioned cases the Issuer as well as the Paying agent does not bear the responsibility for the delay in payments.

Not later than on the 2nd (second) working day before the date of the Bonds nominal value paying off the Issuer shall transmit necessary money means to the account of the Paying agent. On the basis of the List of Owners and/or Bonds' nominal holders of the given NDC, the Paying agent accounts the amounts of the money means subjected to payment of each of the persons indicated in the List of owners and/or Bonds nominal holders.

On the date of the Bonds nominal value paying off the Paying agent transmits necessary money means to the bank accounts of the persons entrusted to acquire the amounts of Bonds nominal value paying off determined in the list of Owners and/or Bonds nominal holders.

If one person is entrusted with the obligation to acquire the amounts of the Bonds nominal value paying off from the part of Bonds several holders such a person gets the amount concerning each Bonds holder.

After the accounts end with persons authorized to get the amount of the Bonds nominal value paying off by the person determined in the list of the owners and/or Bonds nominal holders, the Paying agent notifies NDC hereof. If the date of the Bonds nominal value paying off is a day off – irrespective of the fact whether it is a state holiday or accounting operations day off, the payment of the proper amount shall be carried out on the first working day following the day off. Bonds owner is not entitled to require interest accrual or any other indemnification for such a payment delay.

Bonds issue paying off term:

Paying off date:

In 1820th (On thousand eight hundred and twentieth) calendar day since the date of the Bonds placement.

Possibility and conditions of the early Bonds paying off.

The possibility of early bonds paying off is not determined.

Amount of the percent (coupon) Bonds revenue, the order and conditions of its payment:

The order of the coupon per cent rate determination:

1) First coupon per cent rate is determined by means of the contest carrying out among the Bonds potential buyers on the date of the Bonds placement beginning.

The order and conditions of the contest are determined in paragraph 8.3 of the Decision on the Securities issue and paragraph 2.7 of the Securities prospectus.

2) Together with the determination of the date of the Securities placement, the Issuer can take the decision to acquire the Bonds from their holders within 5 (Five) days of j -th coupon period ($j= 1,2...9$). Coupon percent rates which ordinal number is less or equal j shall be determined equal to the first coupon per cent rate. The abovementioned information including the ordinal number of the coupons which per cent rate is determined equal to the first coupon and also the ordinal number of the (j) coupon period, where the bonds owners can require the Issuer's Bonds acquirement shall be brought to the notice of the Bonds' potential buyers by means of information disclosure in the correspondent order stipulated by the Federal law "On securities market" and legal acts of the Securities Market Federal executive body determined in paragraph 11 of the Securities issue decision and paragraph 2.9. of the Securities prospectus.

If together with the determination of the date of the Bonds placement the Issuer did not take the decision on the Company's Bonds acquirement all coupons per cent rates beginning with the second one shall be determined equal to the first coupon per cent rate.

3) Coupons per cent rate, which amount (order of determination) was not stipulated by the Issuer before the date of the Bonds placement ($i=(j+1)...10$) shall be determined by the Issuer in figures after the State registration of the report on the result of the securities issue on the date of the determined i -th coupon which comes at least 10 (Ten) calendar days prior to the date of the ($i-1$)-th coupon. The Issuer is entitled to determine on the date of the i -th stake coupon determination the amount of the non-determined coupons following the i -th coupon (together with this k – is the number of the last determined coupon.) i -th coupon per cent rate shall be brought by the Issuer to the notice of the Bonds owners in the order and in terms stipulated by paragraph 11.5 of the Securities issue decision and paragraph 2.9. of the Securities prospectus.

The Issuer informs the exchange on the decision taken including the certain stakes at least 10 (Ten) days prior the date of the ($j-1$)-th coupon period (the period j -th and the following coupons per cent rate is determined) end.

Should after the coupons rates' announcement the Bonds will retain the undetermined stakes at least of one of the following coupons, together with the notification on the stakes of the i -th and other Bonds determined coupons the Issuer is entitled to ensure the Bonds owners rights to require from the Issuer the Bonds Acquisition within 5 (Five) days of the k -th coupon period (if the Issuer determined the rate only of one i -th coupon, $i=k$). The abovementioned information including the ordinal number of the coupons which per cent rate determined on the date of the i -th coupon determination and also the ordinal number of the coupon period (k), where the Bonds acquirement will take place shall be brought to the notice of the Bonds potential acquirers by means of publication in the order and terms determined in paragraph 1.1.5 of the Decision of the securities issue and paragraph 2.9. of the Securities prospectus.

The amount of payment concerning any coupon per one Bond is determined to a precision of one kopeck (rounding –up is carried out in accordance with the rules of the mathematical rounding-up. Together with this, the rule of the mathematical rounding-up is the method or rounding up where the meaning of one kopeck (num kopecks) does not change if the first figure following the rounded-up one

equals from 0 to 4 and changes, increasing by one if the first figure following the rounded-up one equals 5-9).

First coupon per cent rate amount is the amount of 8.05 (eight point nought five) per cent per annum was approved by the decision of the sole executive body of the Open Joint Stock Company “Moscow Regional Power Grid Company”, since September 12, 2006.

In accordance with the Decision on the securities issue the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth coupons of the Bonds is established equal the per cent rate of the first coupon.

The order and term of Bonds payment including the order and revenue payment term concerning each coupon.

Coupon (percent) period		Term (date) of the coupon (per cent) revenue payment	Date of the Bonds owners list compiling for the coupon (per cent) revenue payment
Beginning date	End date		

1. Coupon: First coupon per cent rate – C (1) – is determined by means of the contest carrying out among the Bonds potential buyers on the date of the Bonds placement beginning. The order and conditions of the contest are presented in paragraph 8.3. of the Bonds issue decision and paragraph 2.7 of the Securities prospectus.

<i>First coupon period beginning date is the date of the bonds placement</i>	<i>First coupon end date is 182nd (one hundred and eighty second) day since the date of Bonds placement beginning</i>	<i>First Bonds coupon revenue payment date is 182nd (one hundred and eighty second) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
<i>Bonds revenue payment is carried out by money means in the Russian Federation currency in cashless terms for the benefit of the Bonds holders.</i>			
<i>Bonds holder, if he/she is not the NDC depositor, is entitled but not obliged to entrust the Bonds nominal holder – NDC depositor to get the amounts of the Bonds revenue payment.</i>			
<i>If the Bonds holder did not entrust the NDC depositor to get for his/her benefit the amounts from the Bonds revenues payment the Bonds revenues payments shall be carried out for the benefit of the Bonds owner.</i>			
<i>It is presumed that the nominal holders – NDC depositors are entrusted with the right to acquire the Bonds revenue.</i>			

NDC depositor not authorized by their clients to acquire the amounts of bonds revenue prior to 13:00 (Moscow time) on the 3rd (third) working day before the date of the Bonds revenue payment shall transmit to NDC the list of owners containing all the account details determined further for the List of owners and/or Bonds nominal holders.

Bonds revenue payment is made for the benefit of the Bonds owners as of the end of the NDC operation day prior to 3 (Third) working day before the date of the Bonds revenue payment.

If among the owners who entrusted the nominal holder to get the amounts of the Bonds coupon revenue there are non residents and/or physical persons, the nominal holder is entitled to indicate in the list of the Bonds owners the following information:

- *Full name/ Name, last name and patronymic of the Bonds owner;*
- *Amount of shares belonging to the owner;*
- *Complete list of persons entrusted to get the Bonds' paying off amounts;*
- *Location (place of registration – for physical persons) and postal address including index of the Bonds owner;*
- *Details of the Persons' Bank Account entrusted to get Bonds' paying off amounts;*
- *Tax payer identification number (TPIN) of the Bonds owner;*
- *Tax status of the Bonds owner if the Bonds owner is the legal person-non-resident;*
- *Personal identification number (PIN) if any, if the Bonds owner is the physical person;*
- *Type, number date and place of the document issue identifying the Bonds owner and name of the body issued the document;*
- *Number of the state pension insurance certificate of the Bonds owner (if any);*
- *TPIN of the Bonds owner (if any);*
- *Date, month and Born of the Bonds owner.*

Obligations fulfillment in relation to the owner included into the List of owners and/or Bonds nominal holders are considered proper also in case of the Bonds alienation after the date of the abovementioned List compiling.

Should the rights of the Bonds owner be considered by the Bonds nominal holder and the Bonds nominal holder is authorized to get the amount of the Bonds revenue the person authorized to get the amount of Bonds revenue is the Bonds nominal holder.

Should the rights of the Bonds owner not considered by the Bonds nominal holder or the Bonds nominal holder is not authorized by the owner to get the Bonds revenue amounts the body authorized to get the amounts of the Bonds revenue is Bonds Owner.

Not later than on the 2nd (second) working day before the date of the Bonds nominal value paying off the NDC gives the Issuer and the Paying agent the List of Owners and/or Bonds nominal holders containing the following data:

- a) Full name (Last name, Name and Patronymic) of the person entitled to get the amounts of the Bonds nominal value paying off;*
- b) Amount of bonds considered on the security account of the Body entrusted to get the amounts of the Bonds nominal value paying off;*
- b) Location and postal address of the person entrusted to get the Bonds nominal value paying off;*
- c) Details of the bank account of the person entrusted to get the Bonds nominal value paying off, that is:*
 - *Account number;*
 - *Name of the bank the account is opened at;*
 - *Bank correspondent account the account was opened at;*
 - *Bank identification code (BIC) of the bank the account was opened at.*
- d) Tax payer identification number (TPIN) of the body entrusted to get the amounts of the Bonds nominal value paying off (if any);*
- e) Tax status of the person entrusted to get the amounts of the Bonds nominal value paying off*

(resident/non-resident with the permanent establishment on the territory of the Russian Federation; non-resident without the permanent establishment on the territory of the Russian Federation and etc.)

- f) Code of the reason for registration (Tax Code) of the person entrusted to get the amounts of revenue and/or Bonds paying off.*

Bonds owners, their authorized persons including NDC depositors, on their own check up the fullness and topicality of the bank account information and other data presented by them to NDC. If the abovementioned information was not presented or presented untimely to NDC, the Issuers' obligations fulfillment directed to the Bonds nominal value paying off is presented to the person who required the obligations fulfillment and is the Bonds owner for the date of the requirement presentation.

Together with this, the Issuer's Bonds obligation fulfillment shall be carried out on the basis of NDC data. In this case, the Issuer's obligations are considered fulfilled in full scale and proper manner. If the bank account requisites and other information necessary for the Issuers' obligations fulfillment does not let timely carry out money means transmission such a delay can not be considered as Bonds obligations delay in performance, and the Bonds owner can not require the interest accrual or any other indemnification payment for such a delay in payment. In the abovementioned cases the Issuer as well as the Paying agent bears the responsibility for the delay in payments.

Not later than on the 2nd (second) working day before the date of the Bonds nominal value paying off the Issuer transmits necessary money means to the account of the Paying agent.

On the basis of the List of Owners and/or Bonds' nominal holders of the given NDC, the Paying agent accounts the amounts of the money means subjected to payment of each of the persons indicated in the List of owners and/or Bonds nominal holders. On the date of the Bonds nominal value paying off the Paying agent transmits necessary money means for the bank accounts of the persons entrusted to acquire the amounts of Bonds nominal value paying off indicated in the list of Owners and/or Bonds nominal holders.

If one person is entrusted with the obligation to acquire the amounts of the Bonds nominal value paying off from the part of bonds several holders, such a person gets the amount concerning each Bonds holder.

If the date of the Bonds nominal value paying off is a day off – irrespective of the fact whether it is a state holiday or accounting operations day off, the payment of the proper amount shall be carried out on the first working day following the day off. Bonds owner is not entitled to require interest accrual or any other indemnification for such a payment delay.

2. Coupon: Second coupon per cent rate – C(2) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of Securities prospectus.

<i>Second coupon period beginning date is the</i>	<i>Second coupon end date is 36th (three</i>	<i>Second Bonds coupon revenue payment date is</i>	<i>Bonds coupon payment is carried out for benefit of Bonds</i>
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<i>date of the bonds placement</i>	<i>hundred and sixty fourth) day since the date of Bonds placement beginning</i>	<i>364th (three hundred and sixty fourth) day since the date of the Bonds placement beginning</i>	<i>owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
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Order of the coupon (per cent) revenue payment:

Order of the coupon (per cent) revenue payment concerning the second Bonds coupon – C(3) – is identical to the order determined in paragraph 9.3.1. Securities issue decision and paragraph 9.1.2. Securities prospectus.

3. Coupon: Third coupon per cent rate – C(3) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Third coupon period beginning date is the date of the second coupon period end.</i>	<i>Third coupon end date is 546th (five hundred and forty sixth) day since the date of Bonds placement beginning</i>	<i>Third Bonds coupon revenue payment date is 546th (five hundred and forty sixth) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
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Order of the coupon (per cent) revenue payment:

Order of the coupon (per cent) revenue payment concerning the third Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.

4. Coupon: Forth coupon per cent rate – C(4) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Forth coupon period beginning date is the date of the third coupon period end.</i>	<i>Forth coupon end date is 728th (seven hundred and twenty eight) day since the date of Bonds placement beginning</i>	<i>Forth Bonds coupon revenue payment date is 728th (seven hundred and twenty eight) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
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Order of the coupon (per cent) revenue payment:

Order of the coupon (per cent) revenue payment concerning the forth Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.

5. Coupon: Fifth coupon per cent rate – C(5) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Fifth coupon period beginning date is the date of the fifth coupon period end.</i>	<i>Fifth coupon period end date is 910th (nine hundred and tenth) day since the date of Bonds placement beginning</i>	<i>Fifth Bonds coupon revenue payment date is 910th (nine hundred and tenth) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon</i>
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			<i>revenue payment.</i>
Order of the coupon (per cent) revenue payment: <i>Order of the coupon (per cent) revenue payment concerning the fifth Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.</i>			

6. Coupon: Sixth coupon per cent rate – C(6) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Sixth coupon period beginning date is the date of the fifth coupon period end.</i>	<i>Sixth coupon period end date is 1092nd (one thousand and ninety second) day since the date of Bonds placement beginning</i>	<i>Sixth Bonds coupon revenue payment date is 1092nd (one thousand and ninety second) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
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Order of the coupon (per cent) revenue payment: <i>Order of the coupon (per cent) revenue payment concerning the sixth Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.</i>			
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7. Coupon: Seventh coupon per cent rate – C(7) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Seventh coupon period beginning date is the date of the sixth coupon period end.</i>	<i>Seventh coupon period end date is 1274th (one thousand two hundred and seventy fourth) day since the date of Bonds placement beginning</i>	<i>Seventh Bonds coupon revenue payment date is 1274th (one thousand two hundred and seventy fourth) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
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Order of the coupon (per cent) revenue payment: <i>Order of the coupon (per cent) revenue payment concerning the seventh Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.</i>			
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8. Coupon: Eight coupon per cent rate – C(8) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Eight coupon period beginning date is the date of the seventh coupon period end.</i>	<i>Eighth coupon period end date is 1456th (one thousand four hundred and fifty sixth) day since the date of Bonds placement beginning</i>	<i>Eight Bonds coupon revenue payment date is 1456th (one thousand four hundred and fifty sixth) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
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Order of the coupon (per cent) revenue payment: <i>Order of the coupon (per cent) revenue payment concerning the eighth Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.</i>			
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9. Coupon: Ninth coupon per cent rate – C(9) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Ninth coupon period beginning date is the date of the eighth coupon period end.</i>	<i>Ninth coupon period end date is 1638th (one thousand six hundred and thirty eighth) day since the date of Bonds placement beginning</i>	<i>Ninth Bonds coupon revenue payment date is 1638th (one thousand six hundred and thirty eighth) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
<p>Order of the coupon (per cent) revenue payment:</p> <p><i>Order of the coupon (per cent) revenue payment concerning the ninth Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.</i></p>			

10. Coupon: Tenth coupon per cent rate – C(10) - is determined in accordance with the order assigned by paragraph 9.3.1. of the Securities issuer decision and paragraph 9.1.2 of the Securities prospectus.

<i>Tenth coupon period beginning date is the date of the eighth coupon period end.</i>	<i>Tenth coupon period end date is 1820th (one thousand eighth hundred and twentieth) day since the date of Bonds placement beginning</i>	<i>Tenth Bonds coupon revenue payment date is 1820th (one thousand eighth hundred and twentieth) day since the date of the Bonds placement beginning</i>	<i>Bonds coupon payment is carried out for benefit of Bonds owners as of the end of NDC operation day preceding the third working day before the date of the Bonds coupon revenue payment.</i>
<p>Order of the coupon (per cent) revenue payment:</p> <p><i>Order of the coupon (per cent) revenue payment concerning the tenth Bonds coupon is identical to the order of the first coupon (per cent) Bonds revenue payment.</i></p> <p><i>To pay the tenth coupon revenue the List of Owners and/or Bonds nominal holders is used being compiled for the purposes of Bonds redemption.</i></p> <p><i>Tenth coupon revenue is paid together with the Bonds redemption.</i></p>			

Type of the assigned guarantee:

Guarantee (Offer of the guarantee provision in the form of a guarantee for the purposes of the Bonds issue).

Collateral trust bond entitles its owner with the rights subsequent upon such a guarantee.

With the transition of the rights to the collateral trust bond, the new owner (acquirer) gets all the rights subsequent upon such a guarantee.

Rights transition arisen from the given guarantee without the rights transition to the Bond is considered invalid.

8.3.3 Information on the issues where issuer's securities obligations were not fulfilled (default)

There were no securities issues which securities obligations were not fulfilled (default).

8.4. Information on the person (persons), who acts as the guarantor.

Full company name: *Limited Liability Company "PROMTEKHNIKA"*

Short company name: *LLC "PROMTEKHNIKA"*

Taxpayer's identification number: *7720528340*

Location (legal address): *111402, Veshnyakovskaya street 4 g*

Postal address: *111402, Veshnyakovskaya street 4 g.*

State registration number (PSRN): *1057747190049 om 07.06.2005*

8.5. Conditions of the Bonds issue obligations fulfillment

Type of a guarantee (type of the assigned guarantee)

Guarantee (Offer of the guarantee provision in the form of a guarantee for the purposes of the Bonds issue).

Collateral trust bond entitles its owner with the rights subsequent upon such a guarantee.

With the transition of the rights to the collateral trust bond, the new owner (acquirer) gets all the rights subsequent upon such a guarantee.

Rights transition arisen from the given guarantee without the rights transition to the Bond is considered invalid.

Amount of the guarantee (RUR): **8,400,000,000 (Eight billion four hundred million) rubles**

1. Terms and definitions

1.1. "FFMS" - Federal Financial Markets Service

1.2. "Issuing documents" – Decision on the securities issue, Securities prospectus and Bonds certificate.

1.3. "Issuer" – Open Joint-Stock Company "Moscow Regional Power Grid Company".

1.4. "NDC" – Noncommercial partnership "National Depository Center" fulfilling the functions of the Company's depository.

1.5. "Bonds" - non-convertible registered interest bearer bonds of 01 series with the obligatory centralized storage in the amount of 6,000,000 (Six million) pieces of the nominal value RUR 1,000 each issued by the Issuer in accordance with the Issuing documents.

1.6. "Guarantor" - Limited Liability Company "PROMTEKHNIKA"

1.7. "Amount of unfulfilled obligations" – amount of unfulfilled obligations the Issuer did not carry out to the Bonds owner.

1.8. "Issuer's obligations" – Issuer's obligations to the Bonds owner determined by paragraph 3.1. of the Offer.

1.9. "Offer" – the present OFFER.

1.10. "Ceiling amount" – amount accounting for RUR 8,400,000,000 (Eight billion four hundred million) rubles including:

- **Aggregate Coupon Profit payment Ceiling Amount – amount accounting for RUR 2,400,000,000 (Two billion for hundred million);**
- **Bonds' Acquisition and Redemption Ceiling Amount – amount accounting for RUR 6,000,000,000 (Six billion)**

1.11. "Unfulfilled Obligations Event" – any of those described in the paragraphs 3.3.1., 3.3.2. and 3.3.3 of the Events offer.

1.12. "Issuer's Obligations Fulfillment term" - any of those indicated in paragraphs 3.3.1., 3.3.2. and 3.3.3. of the Terms offer.

1.13 "Bonds Fulfillment Requirement" – requirement of the Bonds' owner to the Guarantor meting the conditions of paragraphs 3.7, 3.7.1.-3.7.5. of the Offer.

2. Subject and character of the Offer. Its acceptance conditions.

2.1. By means of the present Offer, the Guarantor offers each person possessing the intention to get the Bonds to make an agreement with the Guarantor on the guarantee provision in the form of guarantee

for the purposes of the Bonds issue in accordance with the legislation of the Russian Federation, Guarantor's articles of association and Offer conditions.

2.2. The Offer is public and expresses the Guarantor's will to make a guarantee agreement with any person accepting the Offer on conditions determined in the Offer.

2.3 The Offer is irrevocable that is can not be called off within the term determined for the Offer's acceptance.

2.4. All the conditions of the Offer are subjected to the inclusion in full amount to the Issuing Documents. The Offer is considered accepted by the addressee in the moment of the Issuer's provision to all prospective Bonds acquirers the access to information on the Bonds issue contained in the Issuing documents and subjected to the disclosure in accordance with the Federal law on the "Securities market" as of April 22, 1996 No. 39-FL and normative acts of the Securities market Federal executive body.

2.5. Offer's acceptance can be carried out by means of only one or several shares acquisition in the order and on conditions determined by the Issuing Documents. Bonds acquisition means the conclusion of the Guarantee agreement between the Bonds acquirer and Guarantor. According to the Contract, the Guarantor is obliged to the Bonds acquirer to fulfill the obligations on conditions determined by the Offer. The Guarantee agreement is considered concluded since the moment the first owner gets the rights on such obligations and together with this the writing form of the agreement is considered fulfilled. With the transition of the rights to the Bond, its acquirer gets the rights determined by the abovementioned guarantee agreement in the same amount and in the same conditions which exist for the moment of the rights transition to the Obligation. Rights transition arisen from the given provision without the rights transition to the Bond is considered invalid.

3. Guarantor's obligations. The order and conditions of its fulfillment.

3.1. The Guarantor gets the responsibility for the Issuer's fulfillment of his/her obligations directed to their Nominal value (total amount of debt) payment together with the interests payable (coupon revenue) to the Bonds owners and also the Bonds acquisition in accordance with the Issuing Documents on the following conditions:

3.1.1 Limit of the Guarantor's responsibility concerning the Issuer's Obligations is restricted by the Ceiling amount considering the following regulations:

3.1.1.1. Limit of the Guarantor's responsibility concerning the coupon revenue is restricted by the Coupon Revenue payment Ceiling amount. Limit of the Guarantor's responsibility concerning the acquisition and redemption of the Bonds is restricted by the Bonds Acquisition and Redemption Ceiling amount.

3.1.1.2. If the Coupon Revenue Payment Ceiling amount is insufficient to fulfill the requirements of all the Bonds owners presented by them to the Guarantor, due to the non-fulfillment or improper fulfillment of the obligations by the Issuer directed to the Coupon Revenue payment, the Issuer distributes the Coupon Revenue Payment Ceiling amount between all the Bonds holders proportionate to the presented requirements;

3.1.1.3. In case of the Bonds Acquisition and Redemption Ceiling amount insufficiency to satisfy all the requirements of the Bonds holders presented by them to the Guarantor in accordance with non-fulfillment or improper fulfillment of the requirements directed to redemption and/or acquisition of Bonds by the requirement of the holders, the guarantor distributes Bonds Acquisition and Redemption Ceiling amount between the Bonds owners proportionate to the requirements presented by them.

3.2 If there was determined the fact of non-fulfillment or improper fulfillment of obligations by the Issuer the Guarantor shall bear the responsibility for the Issuer's obligations fulfillment concerning the part of the Issuer's obligation non-fulfillment (Guarantor's joint and several liability).

3.3. The Fact of the non-fulfillment or improper fulfillment of the Issuer's obligations is considered determined in the following cases:

3.3.1. The Issuer did not fulfill or fulfilled improperly the coupon revenue in the form of per cents to the nominal value of the Bonds to the Bonds owners within terms stipulated by the Issuer Documents.

3.3.2. The Issuer did not fulfill or fulfilled not in the proper amount the basic debt amount during the Bonds redemption within the terms determined by the Issuing documents and Bonds holders.

3.3.3. The Issuer did not fulfill the obligation or fulfilled not in the proper amount the requirement of the Bonds holder in terms and on conditions determined by the Issuing documents.

3.4. The Guarantor is entitled in accordance with the Offer conditions to bear the responsibility for non-fulfillment of the obligations carried out by the Issuer in the amount of Non-fulfilled obligations within the limits of the Ceiling amount. The amount of the Non-fulfilled obligations shall be determined by the Guarantor in accordance with the announcement to the Guarantor made by the Issuer or by his/her order to the third persons if the Issuer publicly discloses information on the amount of the Non-fulfilled obligations amount in accordance with the legislation of the Russian Federation.

3.5 In his/her relations with the Bonds owners the Guarantor acts according to the unfulfilled obligations amount announced to the Guarantor by the Issuer or by his/her order to the third persons or publicly disclosed by the Issuer in accordance with the legislation of the Russian Federation if the Bonds owner will not prove the larger amount of Unfulfilled obligations.

3.6. In case of the fact settlement of non-fulfillment or improper fulfillment of the Obligations by the Issuer, the Guarantor is entitled to bear the responsibility in accordance with the Offer conditions for Issuer's non-fulfillment of obligations in the amount of Non-fulfilled obligations and within the limits of the Ceiling amount if the Requirements on Offer Obligations fulfillment will be presented to the Guarantor by Bonds owners and/or Nominee holders in accordance with the Offer conditions.

3.7. Requirement on the Obligations fulfillment shall meet the following conditions:

3.7.1. The Requirement on the Obligations fulfillment shall be presented to the Guarantor in the written form and signed by the Bonds owner (physical person or the head and the chief accountant of the legal person, and sealed by the legal person) or the Bonds nominee holder (if Bonds were transmitted to the nominal ownership and the nominal holder is authorized to get the amounts of redemption and/or other Bonds revenues and/or require form the Issuer to acquire the Bonds and present the Requirement on the Obligations fulfillment);

3.7.2. The Requirement on obligations fulfillment shall contain the following:

- *Name, last name, patronymic and the full name of the Bonds holder or person authorized to get the redemption amounts and/or other Bonds revenues and/or require from the Issuer the Bonds acquisition and present the Requirement on the Obligations fulfillment;*
 - *Amount of Bonds and the details of the issue belonging to the Bonds holder, amount of non-fulfilled obligations concerning the owners;*
 - *Legal and postal address (location), contact phones of the owner or person authorized to get the amounts of redemption and/or other Bonds revenues and require from the Issuer the Bonds acquisition and the Requirement on the Obligations fulfillment;*
 - *Tax status of the owner or person authorized to get the amounts of redemption and/or other Bonds revenues and/or require from the Issuer to acquire Bonds and present the Requirement on the Obligations Fulfillment (resident, nonresident with the permanent establishment on the territory of the Russian Federation);*
 - *Details of the bank account of the owner or person authorized to get the redemption amounts and/or other Bonds revenues and/or require from the Issuer the Bonds' acquisition and present the Requirement on the Obligations fulfillment;*
- 3.7.3. *Requirement on the Obligations fulfillment shall be presented to the Guarantor at least 60 (Sixty) days since the moment of the Bonds fulfillment term beginning concerning the Bonds owner addressing the given requirement on the Obligation fulfillment;*

3.7.4. *The Requirement on the Obligations Fulfillment shall contain the security account statement in NDC or depositaries being depositors in relation to NDC; in case of the Requirement presentation on the obligations fulfillment together with unfulfillment or improper fulfillment of obligations by the Issuer directed to Bonds redemption there should be applied a copy of the NDC report certified by the depositary on transition of the Bonds to the section of the security account set for the securities blocking during the redemption; should the requirements be presented to the owner representatives, the documents shall be drawn in accordance with the normative legal acts of the Russian Federation approving the persons obligations presented the requirement on behalf of the owner;*

3.7.5. *Requirement on Obligation fulfillment and the documents attached to it shall be transmitted to the Guarantor by the registered letter, courier mail or express mail to the address of the Guarantor's location.*

3.8. *The guarantor considers the Requirement on Obligations fulfillment within 30 (Thirty) days since the presentation of the Requirement to the Guarantor. The day of the requirement presentation to the Guarantor is the day of the Guarantor's requirement acquisition presented by any of the ways determined in paragraph 3.7.5 of the Offer. Together with this, the Guarantor is entitled to set forth against the requirement on the Obligations fulfillment any other objections even if the Issue rejected them and approved his/her debt.*

3.9. *The requirements on Obligations fulfillment presented to the Guarantor later than 60 (Sixty) days since the date of the Obligations fulfillment term beginning concerning the Bonds holders directing the Requirement on Obligations Fulfillment shall not be taken into consideration.*

3.10 *Should the Guarantor satisfy the Requirement on obligation fulfillment, the Guarantor notifies the owner or the Bonds nominal holder and within 5 days since the expiry date of the Requirement consideration on Obligations fulfillment (paragraph 3.8. of the Offer) the Guarantor carries out the Payment in accordance with the conditions of the Offer to the bank account of the owner or the Bonds nominal holder whose requisites are determined in the Requirement on Obligations fulfillment.*

3.11. *The Guarantor does not carry the responsibility on the payment of the legal expenses of the Bonds holder concerning the collection and other losses of the owners to the Issuer caused by the unfulfillment or improper fulfillment of the Bonds obligations by the Issuer.*

3.12. The Guarantor shall direct information on satisfaction/refusal in satisfaction of the Requirement on obligations fulfillment during the unfulfillment or improper fulfillment of the Obligations by the Issuer directed to the Bonds redemption with the indication of the Last name, Name and patronymic of the Bonds owner, amount of Bonds and name of the Depository where the security account of the Bonds owner was opened in NDC.

4. Term of the guarantee duration

4.1 Guarantee determined by the Offer enters into force since the moment of the agreement conclusion by the Bonds acquirer with the Guarantor in accordance with article 2.5. of the Offer.

4.2 The Guarantee determined by the offer ends:

4.2.1 if the Guarantor properly fulfilled all the obligations to the Bonds holders directed their requirements on the Obligations fulfillment in the order and terms determined by the present Offer;

4.2.2. if the Issuer's Bonds obligations were ended;

4.2.3 if the term of the Issuer's Obligations fulfillment was changed, during the prolongation of such a term or any other prolongation of the Issuer's Obligations or any other restructuring and also in case of other Changes of the Issuer's obligation causing the increase of the responsibility or any other unfavorable consequences for the Guarantor without his/her agreement;

4.2.4. due to other grounds determined by the Legislation of the Russian Federation.

4.3. The following circumstances do not entail the termination of the Guarantee determined by the Offer:

4.3.1. Change of the Issuer's name without the change of its organizational and legal status;

4.3.2. Change of the location of the sole executive body of the Issuer.

5. Other conditions.

5.1. All issues concerning the Guarantor and Bonds holders, concerning the Bonds and not regulated by the civil legislation of the Russian Federation and the Issuing Documents shall be understood and determined in accordance with them.

5.2. In case of unfulfillment or improper fulfillment of the Offer Obligations the Guarantor bears the Responsibility in accordance with the present legislation.

5.3 The Guarantor does not bear the responsibility to the Issuer's creditors concerning the obligations of other persons giving the Guarantee for the Issuer for the purpose of the Obligations issue even if the persons gave such a guarantee together with the Guarantor.

5.4. Discussions due to the Offer are subjected to arbitral court trial and in the court of the general Jurisdiction (for the Bonds owners – physical persons) by the location of the bearer of responsibility.

Amount of the Issuer's net assets for the accounting date before the guarantee presentation: **RUR 28,861,397 thousand.**

Amount of the legal person's net assets who gave the guarantee for the accounting date before the guarantee presentation: **RUR 2,324 thousand.**

Amount of the legal person's net assets who gave the guarantee for the date of the accounting quarter end: **RUR 35,001.**

8.6. Data on the organizations which carry out registration of the rights to the equity securities

The person who keeps the register of owners of the issuer's nominal securities - **the registrar.**

The full company name of the registrar: **Registrar society "STATUS" Joint-Stock Company**

The reduced company name: **Status company**

The location of the registrar: **109544, Moscow, Dobrovolcheskaya street, 1/64**

Number of the license: **10-000-1-00304**

Date of license issuance: **12 March 2004**

Validity of the registrar's license for carrying out the activities of keeping the register of securities owners: **for an indefinite time**

The authority which issued the license: **Federal Commission for the Securities Market of the Russian Federation**

Tel.: **(495) 974-83-50**, fax: **(495) 974-83-49**

Email: office@rostatus.ru

Internet website: www.rostatus.ru

Information on the depository which carries out the centralized storage of bonds:

The obligatory centralized storage of bonds of the issue is stipulated.

The depository which carries out the centralized storage:

Full name: *Not-for-Profit Partnership "The National Depository Center"*

The abbreviated name: *NDC*

The location: *Moscow, Sredny Kislovsky lane, 1/13, bld. 4*

TIN: *7706131216*

Phone: *(495) 232-0527*

Number of the license: *177-03431-000100*

Date of issuance: *4 December 2000*

Validity: *for an unlimited term*

The authority which issued the license: *Federal Commission for the Securities Market of Russia*

8.7. Data on the legislative acts regulating issues of import and export of the capital, which may influence payment of dividends, interest and other payments to non-residents

Federal Law No. 173-FZ (173-FL) as of 10 December 2003 "On foreign currency regulation and foreign currency control" (as amended as of 26 July 2006);

The Tax Code of the Russian Federation, part I, as of 31 July 1998 No. 146-FZ (146-FL) (as amended as of 30 December 2006);

The Tax Code of the Russian Federation, part II, as of 5 August 2000 No. 117-FZ (117-FL) (as amended as of 31 December 2006, as amended as of 23 March 2007);

Circular of The Central Bank of the Russian Federation No.20 as of 31 October 2002 "Generalization of the practice of application of statutory acts of The Bank of Russia on foreign currency regulation";

Decree No.1184 of the President of the Russian Federation as of 10 June 1994 "On improvement of the Russian Federation bank system operation" (as amended as of 27 April 1995)

The Regulations of the Central Bank of the Russian Federation No. 269-P (269-II) as of 4 May 2005 "On opening of non-residents' bank accounts by The Bank of Russia in the currency of the Russian Federation and carrying out of operations under the specified accounts".

Instruction No. 117-I (117-II) of the Central Bank of the Russian Federation as of 15 June 2004 "On the procedure of representation by residents and non-residents of documents and information at realization of foreign currency transactions to the authorized banks; the procedure of the accounting by the authorized banks of foreign currency transactions and registration of transaction certificates";

The circular No. 31 of the Central Bank of the Russian Federation as of 31 March 2005 "Questions connected with application of the Federal Law No. 173-FZ (№173-FL) as of 10 December 2003 "On foreign currency regulation and foreign currency control" and statutory acts of The Bank of Russia";

Other normative legal enactments of the Russian Federation.

8.8. Description of incomes taxation procedure of the issuer's floated equity securities and equity securities which are in the process of floatation

Taxation of income of physical persons (tax residents of the Russian Federation, and those who are not tax residents of the Russian Federation but who receive income from sources in the Russian Federation).

In compliance with item 208 of the RF-TC, dividend and interest received from the Russian organization, income from selling the issuer's securities in the Russian Federation and beyond its bounds are the incomes which are subject to income taxation of physical persons.

If the source of the income in the form of the dividend is the Russian organization, the specified organization is recognized to be a tax agent and determines the amount of the tax separately for each tax payer with reference to each payment of the specified incomes under the 9% rate (item 224 of the RF-TC) in accordance with the procedure established by item 275 of the RF-TC.

The tax amount is calculated proceeding from the total amount of the tax and the share of each tax payer in the total amount of dividends. The total amount of the tax is determined as a product of the tax rate and the difference between the amount of the dividends to be distributed between shareholders (participants) in the current tax period reduced by the amounts of the dividends to be paid by the tax agent of the foreign organization and (or) to the physical person who is not a resident of the Russian Federation, in the current tax period, and the amount of the dividends received by the tax agent in the current reporting (tax) period.

If the Russian organization - the tax agent, pays dividends to the physical person - non-resident of the Russian Federation, the 30% tax rate is applied to these payments according to item 3, Article 224, the RF-TC.

In compliance with Article 214.1 of the RF-TC, the tax base under each operation with securities and operations with financial instruments of term transactions, the basic asset under which are securities (futures and option transactions at the stock exchange), is defined separately. Thus, the incomes received under the following operations are registered:

Sale and purchase of securities which are outstanding at the organized securities market;

Sale and purchase of the securities which are not outstanding at the organized securities market;

With financial instruments of term transactions, the basic asset under which is securities;

Sale and purchase of investment units of share investment funds, including their repayment;

With securities and financial instruments of term transactions, the basic asset under which is securities, which are carried out by a trustee in favour of the trustor that is a physical person.

According to item 3, Article 214.1, the RF-TC, the tax base - the income (loss) under operations of sale and purchase of securities, is defined as the amount of incomes under the total number of transactions with securities of the corresponding category completed during the tax period minus the amount of losses. The income (loss) is defined as a difference between the amounts received from securities selling and charges on purchase, selling and storage of securities, or the property deductions accepted in the part of reduction of incomes of the securities sale and purchase transaction.

The income under the transaction of sale and purchase of the securities outstanding on the organized securities market is reduced by an amount of interest for using of the involved money resources, but within the limits of the amounts calculated proceeding from the current rate of refinancing of the Central Bank of the Russian Federation. The amount of the loss under such transaction is defined in view of the limiting border of fluctuations of the market price of securities. Thus, the securities outstanding on the organized securities market include the securities admitted to the outstanding at trade organizers' who have the license of the federal authority for regulation of the securities market.

If charges may not be directly referred to charges on purchase, selling and storage of the specific securities, the specified charges are distributed proportionally to the value estimation of the securities, the specified charges are incurred in relations to. If it is impossible to confirm the charges documentary, the tax payer is entitled to use the property tax deduction stipulated by paragraph 1, subitem 1, item 1, Article 220, the RF-TC.

The property tax deduction or deduction in the amount of actually incurred and documentary confirmed charges is provided to the tax payer at calculation and payment of the tax to the budget from the source of income payment or upon termination of the tax period at submission of the tax declaration to the tax authority. If there are several sources of income payment, the property tax deduction is made only from one source of income payment at the tax payer's option.

At definition of tax base under operations of securities sale and purchase, it is necessary to take into consideration that the loss under operations with the securities outstanding on the organized securities market reduces the tax base under securities sale and purchase operation of this category. The income from operations of sale and purchase of securities which are not outstanding on the organized securities market, which at the moment of their purchase met the requirements established for the securities outstanding on the organized securities market, may be reduced by an amount of the loss received from operations of sale and purchase of securities outstanding on the organized securities market.

The tax base under operations with financial instruments of term transactions is defined as a difference between the positive and negative results received based on the results of reassessment of obligations and rights of requirements under completed transactions and execution of financial instruments of term transactions, in view of payment of services of exchange intermediaries and stock exchange on opening of positions and keeping of the physical person's accounts. Thus, the tax base increases by an amount of the bonuses received under transactions with options, and decreases by an amount of the bonuses paid under the specified transactions.

At definition of the tax base under operations with the securities which are carried out by the trustee, charges of the tax payer also include the amounts paid to the trustee in the form of remuneration and compensation of the charges incurred by him/her under the operations with securities.

If at realization of trust management, transactions with securities of various categories are completed, and if there appear other types of income (dividend, interest), the tax base is defined separately for each category of securities and each type of income. Charges which cannot be directly referred to reduction of the income under transactions with securities of the corresponding category or to reduction of the corresponding type of income, are distributed proportionally to the share of each type of income.

The tax base under operations of sale and purchase of securities and operations with financial instruments of term transactions is defined upon termination of the tax period (i.e. year). Thus calculation and payment of the amount of the tax is performed by the tax agent upon termination of the tax period or at realization of payment of money resources by it to the tax payer before the expiration of the next tax period. In this case the tax should be paid from the share of the income which corresponds to the actual amount of paid money resources. At realization of payment more than once during the tax period, the

calculation of the amount of the tax is made by an accruing result taking into account the tax amounts paid earlier.

The tax agent with respect to the incomes of operations with the securities referred to the trustees is the latter. The tax base under these operations is defined at the date of the end of the tax period or at the date of payment of money resources before the expiration of the tax period. The tax thus is subject to payment within one month from the date of the termination of the tax period or the date of payment of money resources (transfer of securities). At realization of payments from the funds which are in trust management before the expiration of the trust management contract or before the termination of the tax period, the tax is paid from the share of the income which corresponds to the actual amount of the funds which are paid to the trustor.

If it is impossible to deduct the computed tax from the tax payer by the income payment source, the tax agent within one month from the moment of occurrence of this circumstance notifies in writing the tax authority in the locality where it is registered on the impossibility to deduct the tax and on the amount of the tax payer's debt. Payment of the tax in this case is made by equal shares in two payments: the first is made not later than 30 days from the date of delivery by the tax authority of the notice on payment of the tax; the second is paid not later than 30 days after the first term of payment.

The order of the tax calculation under incomes of operations with securities is defined by item 1, Article 225, RF-TC, according to which the tax amount is estimated as a percentage share of the tax base complying with the tax rate (for physical persons - tax residents of the Russian Federation, it is 13%; for the physical persons, who are not tax residents of the Russian Federation, it amounts to 30%, in conformity with Article 224 of the RF-TC).

Taxation of legal entities (of both the Russian organizations, and the foreign organizations which carry out their activities in the Russian Federation through permanent representative offices and/or receive income from the sources in the Russian Federation).

According to item 1, Article 250, the RF-TC, the incomes from the individual shares in other organizations (in the form of dividend) and the incomes received from operations with financial instruments of term transactions are recognized to be extraordinary incomes which are taxable. Thus, the date of reception of the income is the date of receipt of money resources on the settlement account (cash register) of the tax payer.

According to item 1, Article 265, the RF-TC, charges in the form of interest under debt instruments of any type (including under securities and other obligations which are issued by the tax payer, charges on the organization of issuance of own securities, servicing of own securities, granting of the information to shareholders, and the charges connected with service of securities acquired by the tax payer are extraordinary charges which reduce the tax base under the profit tax. The date of realization of the extraordinary charges connected with acquisition of securities is the date of realization or other retirement of securities.

The peculiarities of definition of the tax base under the incomes received from the individual share in other organizations (dividend) are established in Article 275 of the RF-TC.

If the source of the income is the Russian organization, the specified organization is recognized to be the tax agent and defines the amount of the tax. Thus, the amount of the tax to be deducted from incomes of the dividends' receiver is calculated by the tax agent proceeding from the total amount of the tax and the share of each tax payer in the total amount of the dividend. The total amount of the tax is defined as a product of the 9% tax rate (Article 284 of the RF-TC) and the difference between the amount of the dividend which are subject to distribution between shareholders in the current tax period reduced by the amounts of the dividends payable by the tax agent to the foreign organizations and/or the physical person who is not the RF resident, in the current tax period, and the amount of the dividend received by the tax

agent in the current tax period. If the difference is negative, there is not an obligation to pay the tax, and the compensation from the budget is not made.

If the Russian organization - the tax agent, pays the dividend to the foreign organization and/or to the physical person who is not the RF resident, the tax base of the tax payer - the dividends' receiver, is defined as the sum of paid dividends, and the 15% tax rate (Article 284 of the RF-TC) or 30% (Article 224 of the RF-TC) are accordingly applied to it.

The peculiarities of definition of tax base under operations with securities are established in Article 280 of the RF-TC.

Incomes of the tax payer from operations on selling or another retirement of securities (including repayment) are defined proceeding from the price of selling or another retirement of the securities, and also the amount of the accumulated interest (coupon) income which was paid by the buyer to the tax payer, and the amount of the interest (coupon) income which was paid to the tax payer by the issuer (drawer of bill). Thus, the income does not include the amounts of the interest (coupon) income which were earlier registered at taxation.

Charges at selling/other retirement of securities are defined proceeding from the price of purchase of the securities, expenses for its selling, amount of the accumulated (coupon) income paid by the tax payer to the seller of the securities. Thus, the charges do not include the amounts of the interest (coupon) income which was earlier considered at taxation.

The actual price of selling or other retirement of the securities which are in the interval between the minimal and maximal prices of transactions with the specified securities registered by the securities market trade organizer at the date of fulfilment of the respective transaction is accepted for the purposes of taxation as a market price. In case of selling of the securities, which are outstanding on the securities market, at the price which is below the floor price of transactions on the organized securities market, the floor price of the transaction for the organized securities market is accepted at definition of the financial result.

With respect of the securities which are not outstanding on the organized securities market, the actual price of selling or other retirement of these securities is accepted for the purposes of the taxation at meeting at least even one of the following conditions:

If the actual price of the respective transaction is in the interval of the prices under similar securities registered by the trade organizer of the securities market at the date of completion of the respective transaction, in the event that these securities were traded at the trade organizer's at least once within the past 12 months;

If the deviation of the actual price of the respective transaction is within the limits of 20% aside an increase or downturn from the average weighted price of the similar securities calculated by the trade organizer of the securities market according to the rules established by it based on the trading results at the date of the completion of such a transaction or at the date of the nearest trading, which took place before the day of completion of the respective transaction, if the trading in these securities were held at the trade organizer even once within the past 12 months.

The tax base under the operations with securities is defined by the tax payer separately. Thus, the tax base under operations with the securities which are outstanding on the organized securities market is defined separately from the tax base under operations with the securities which are not outstanding on the organized securities market.

At selling or another retirement of securities, the tax payer independently according to the accounting policy accepted for the purpose of taxation defines one of the following methods of a write-off of the value of the retired securities to charges:

at the value of the first purchases;

at the value of the most recent purchases;

at the value of the unit.

The tax payers who received the loss from operations with securities in the previous tax period or during the previous tax periods, have the right to reduce the tax base received under operations with securities in the reporting (tax) period. Thus, losses from operations with the securities which are not outstanding on the organized securities market, received in the previous tax period, may be referred to reduction of the tax base from operations with such securities defined in the reporting (tax) period. Losses from operations with the securities outstanding on the organized securities market received in the previous tax period may be referred to reduction of the tax base from the operations on selling of this category of securities.

The incomes received from operations with securities which are outstanding on the organized securities market may not be reduced by charges or losses from operations with the securities which are not outstanding on the organized securities market. The incomes received from operations with securities, which are not outstanding on the organized securities market, may not be reduced by charges or losses from operations with the securities which are outstanding on the organized securities market.

In compliance with Article 286 of the RF-TC, the tax is defined as a percentage share of the tax base complying with the tax rate (for legal entities - tax residents of the Russian Federation, 24 %; for foreign legal entities-non-residents, 20 %; according to Article 284 of the RF-TC). The amount of the tax following the results of the tax period is defined by the tax payer independently.

Following the results of each reporting (tax) period, tax payers calculate the amount of advance payment proceeding from the tax rate and the taxable profit calculated as an accruing result from the beginning of the tax period to the end of the reporting (tax) period. During the reporting period, tax payers calculate the amount of monthly advance payment.

If the tax payer is the foreign organization receiving incomes from sources in the Russian Federation, which are not connected with permanent representative offices in the Russian Federation, the obligation on definition of the amount of the tax, deduction of this amount from incomes of the tax payer and transfer of the tax to the budget is assigned to the Russian organization, which pays the specified income to the tax payer. The tax agent defines the amount of the tax under each payment (transfer) of money resources or other reception of the income. If the source of incomes of the tax payer in the form of dividends is the Russian organization, the obligation to deduct the tax from incomes of the tax payer and to transfer it to the budget is assigned to this source of incomes. Thus, advance payments under the tax are withheld from incomes of the tax payer at each payment of such incomes. Under the incomes which are paid to the tax payers in the form of dividends, the tax withheld at payment of the income is transferred to the budget by the tax agent who has carried out the payment, within 10 days from the date of payment of the income.

The tax from the incomes received from operations of securities selling is taxable after the tax period and is payable not later than the time fixed for submission of tax declarations for the respective tax period (not later than on the 28th of March of the year following the expired tax period). Advance payments following the results of the reporting period are paid not later than the time for submission of tax declarations for the respective reporting period (not later than 28 days from the date of the end of the respective reporting period).

The monthly advance payments which are subject to payment during the reporting period are paid in the time not later than on the 28th day of each month of this reporting period. The tax payers calculating monthly advance payments under the actually received profit pay advance payments not later than on the 28th day of the month following the month, based on the results of which the calculation of the tax is made.

8.9. Data on declared (accrued) and paid dividends per the issuer's shares

Information for the past 5 completed financial years is not specified, as the issuer was registered on 1 April 2005

Information for the last completed financial years is specified:

Category of shares: *ordinary*

The amount of the declared (accrued) dividends under the issuer's shares of each category (type) per one share: ***RUR 0.00177.***

The amount of the declared (accrued) dividends in aggregate under all shares of one category (type): ***RUR 50,001 thousand.***

The name of the issuer's governance body which made a decision (declared) on payment of dividends per the issuer's shares: ***annual General Shareholders Meeting of OJSC "Moscow Regional Electric Grid Company"***

Date of carrying out of the meeting (proceedings) of the issuer's governance body, where the decision on payment (declaring) of dividends was taken, date and number of the minutes of the meeting (proceedings) of the issuer's governance body, where the decision on payment (declaring) of dividends was taken:

26 June 2006, Minutes No. 3 as of 6 July 2006

The term allocated for payment of dividends under the issuer's shares:

Within 60 days from the date of decision-making on payment of dividends

The form and other terms of payment of the declared dividends under the issuer's shares:

In the monetary form

The reporting period (year, quarter) for which the declared dividends under the issuer's shares were paid: ***following the results of the year 2005.***

The total amount of the dividends paid under the issuer's all shares of one category (type) for each reporting period, for which the decision on payment (declaring) of dividends was taken:

RUR 50,001 thousand.

Dividends for 2005 were paid to shareholders within 60 days from the moment of decision-making on payment of dividends in full.

Income paid per bonds

Securities type, series, form and other identification features of the bonds issue: *documentary non-convertible interest bearer bonds of series 01 with an obligatory centralized storage with the repayment term on the 1820th calendar day from the date of the beginning of placement, without an option of early repayment.*

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

4-01-65116-D 22 June 2006.

Date of the state registration of the report on the results of the bonds issuance: *24 October 2006.*

Number of the bonds of the issue: *6,000,000 (six million) pieces*

Par value of each bond of the issue:

RUR 1,000 (one thousand).

Amount of the issuer at the par value:

RUR 6,000,000,000 (six billion).

Payment of coupon interest per the bonds of series 01:

<i>Number of the coupon payment</i>	<i>Period, for which the payment was realized</i>	<i>Date of the payment</i>	<i>Interest rate</i>	<i>Amount per one bond, RUR</i>	<i>Total amount of payment, RUR</i>	<i>Form of payment</i>
<i>1</i>	<i>12 September 2006– 13 March 2007.</i>	<i>13 March 2007.</i>	<i>8.05 %</i>	<i>40.14</i>	<i>240,840,000</i>	<i>Monetary funds</i>

The issuer's liability on payment of the interest per the first coupon of the bonds of the issue was executed in full.

Other information on the earnings per the bonds of the issue to be specified by the issuer at its sole discretion: *none*

8.10. Other data

None

Appendix No.1. Annual accounting reports of OJSC “Moscow United Electric Grid Company”

BALANCE SHEET

For 31 December, 2006

Company: OJSC “Moscow United Electric Grid Company”

Taxpayer Identification Number (INN)

Activity: electric energy transmission and distribution

	codes		
Form 1 under All-Russian Classifier of Management Documentation (OKUD)	0710001		
date [year, month, day]	2006	12	31
under All-Russian Classifier of Business and Organisations (OKPO)	75273098		
Taxpayer Identification Number (INN)	5036065113		
under All-Russian Classifier of Economic Activities (OKVED)	40.10.2		

form of incorporation \ form of ownership:

unit of measurement: thousand roubles

Location: bldg 2, 3, Second Paveletsky
Passage, Moscow

under All-Russian Classifier of Forms of Incorporation (OKOPF) \ All-Russian Classifier of Forms of Ownership (OKFS)	47	42
under All-Russian Classifier of Measurement Units	384	

date of approval

date of sending [reception]

ASSETS	Code of the indicator	for the beginning of the accounting year	For the end of the accounting year
1	2	3	4
I. NON-CIRCULATION ASSETS			
Immaterial assets	110		
Fixed assets	120	25,990,071	29,793,027
Construction-in-process	130	1,781,435	6,331,093
interest-bearing investment in the material values	135		
Long-term financial investments	140		
deferred tax assets	145	8,396	67,294
other non-circulating assets	150		
TOTAL section I	190	27,779,902	36,191,414
II. CIRCULATING ASSETS			
Stocks	210	900,552	1,485,059
including:			

raw material and other similar values		253,640	1,254,482
rearers and fatteners			
expenses in production-in-process		3,141	13,765
end product and goods for resale		4,216	14,512
goods loaded out			
expenses of future periods		119,274	202,3
other stocks and expenses		520,251	
Value Added Tax on values purchased	220	1,160,807	847,845
Debt receivable (payments under which are expected to be effected after 12 months after the accounting date)	230	897	140
including:			
buyers and customers			
Debt receivable (payments under which are expected to be effected within 12 months after the accounting date)	240	2,224,431	7,826,215
including: buyers and customers		1,079,331	2,048,206
Short-term financial investments	250		
Monetary funds	260	237,992	2,021,925
Other circulating assets	270		
TOTAL section II	290	4,524,649	12,181,184
BALANCE	300	32,304,551	48,372,598
	Code of the indicator	For the beginning of the accounting year	For the end of the accounting year
LIABILITIES			
1	2	3	4
III.CAPITAL AND RESERVES			
Authorised capital	410	14,124,680	14,124,680
own shares repurchased from shareholders		()	()
Additional fund	420	9,119,676	9,118,789

Reserve capital	430		64,690
including:			
reserves formed in conformity with legislation			64,690
reserves formed in conformity with the constituent documents			
Undistributed profit (uncovered loss)	470	3,875,756	7,463,361
TOTAL section III	490	27,102,112	30,771,520
IV. LONG-TERM LIABILITIES	510		6,403,715
Loans and credits			
Deferred tax liabilities	515	135,917	211,860
other long-term liabilities	520		
TOTAL section IV	590	135,917	9,762,098
V. SHORT-TERM LIABILITIES			
Loans and credits	610	1,505,772	
Accounts payable	620	3,527,776	7,746,657
including:			
suppliers and contractors		2,353,731	5,602,683
debt to the personnel of the organisation		169,841	7,837
debt to state and non-budgetary funds		53,800	6,105
debt under taxes and tax collections		217,110	37,559
other creditors		733,294	2,092,473
Debt to participants (founders) on revenue payment	630		
Profit of future periods	640	32,974	92,323
Reserves of future expenses	650		
other short-term liabilities	660		
TOTAL section V	690	5,066,522	7,838,980
BALANCE	700	32,304,551	48,372,598
Information on the presence of valuable taken into account in off-balance sheet-accounts			

Leased fix assets		575,253	1,450,187
including on leasing		181,474	1,013,769
Commodity and material valubles impounded		11,839	7,758
Goods accepted for commission			
Debt of insolvent debtors written-off as a loss		6,846	7,008
securing obligations and payments received		10,196	6,154
securing obligations and payments given out		570	-
depreciation of housing facilities		426	438
depreciation of land improvement facilities and other similar facilities			
immaterail assets received for use			

Head _____ N.M.Soldatov Chief Accountant _____ L.A. Sklyarova

(signature)

(print full name)

(signature)

(print full name)

Profit and Loss Report

for 12 months of 2006

Company: OJSC "Moscow United Electric Grid Company"

Form 2 under OKUD

date [year, month, day]

under OKPO

Taxpayer Identification Number (INN)

under OKDP

under OKOPF/OKFS

under OKEI

Taxpayer Identification Number (INN)

Activity: industry

form of incorporation \ form of ownership:

unit of measurement: thousand roubles

codes		
0710002		
2006	12	31
75273098		
5036065113		
40.10.2		
47	42	
384		

indicator	Code of the statistical office	for the accounting period	for a similar period of the previous year
1	2	3	4
I.Profit and expenditure on common activities			
Receipts (net) from sale of goods, products, works and services (net of VAT, excise and similar obligatory payments),	10	25,447,566	12,254,106
Electric energy to internal consumers	11	-	
Electric energy for exportation	12	-	
Thermal energy	13	-	
Subscription fee (for RAO UES of Russia)	14	-	
Proceeds from transportation of electric and thermal energy	18	22,282,966	11,365,550
Electric energy for power sale companies	19	-	
Other industrial goods, products, works and services	15	3,164,005	887,499
Other non-industrial goods, products			

REPORT ON CAPITAL CHANGE

For 2006

OJSC "Moscow United Electric Grid Company

	codes		
Form 3 under All-Russian Classifier of Management Documentation (OKUD)	0710003		
date [year, month, day]	2006	12	31
under All-Russian Classifier of Business and Organisations (OKPO)	75273098		

Taxpayer Identification Number (INN)

Activity: electric energy transmission and distribution

form of incorporation \ form of ownership

unit of measurement: thousand roubles

Taxpayer Identification Number (INN)	5036065113	
All-Russian Classifier of Economic Activities (OKVED)	40.10.2	
under All-Russian Classifier of Forms of Incorporation (OKOPF) \ All-Russian Classifier of Forms of Ownership (OKFS)	47	42
under All-Russian Classifier of Measurement Units	384	

I. Capital change

Indicator		Authorised capital	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Name	Code of the statistical office					
1		3	4	5	6	7
Remaining balance as of December 31 of the year prior to the last year	010	14,124,680	9,128,615	-	2,555,019	25,808,314
2004	011	x	x	x	-	-
(previous year)	012	x	-	x	-	-
Changes in the accounting policy		x		x		
Result of reevaluation of fixed assets facilities			-			-
	020	14,124,680	9,128,615	-	2,555,019	25,808,314
changes in the accounting policy	023	x	-	x	x	-

Remaining balance as of January 1 of the previous year	025	x	x	x	1,293,798	1,203,798
Result of recalculation of foreign currencies	026	x	x	x	-	-
Net assets	030	x	x	-	-	-
Dividends	040	-	-	-	8,939	8,939
Contributions to the reserve fund	041	-	x	x	x	-
Increase in the volume of the capital due to:	042	-	x	x	x	-
	043	-	x	x	-	-
Additional issue of shares	044	-	-	-	8,939	8,939
Increase in the par value of shares	050	-	-8,939	-	-	-8,939
Reorganisation of the legal entity	051	-	x	x	x	-
other	052	-	x	x	x	-
Decrease in the volume of the capital due to:	053	-	x	x	-	-
Decrease in the par value of shares	054	-	-8,939	-	-	-8,939
Decrease in the amount of shares						
Reorganisation of the legal entity	060	14,124,680	9,119,676	-	3,857,756	27,102,112
Other	061	x	x	x	-	-
	062	x	-	x	-	-
Remaining balance as of December 31 of the previous year	063	x	-	x	-	-
2005						
(accounting year)	100	14,124,680	9,119,676	-	3,857,756	27,102,112
changes in the accounting policy	103	x	0	x	x	-
Result from the re-estimation	105	x	x	x	3,735,595	3,735,595

of facilities of fixed assets						
Change in the rules of accounting recording	106	x	x	x	-50,001	-50,001
	110	x	x	64,69	-64,69	-
Remaining balance as of January 1 of the accounting year	120	-	-	-	-	-
Result of recalculation of foreign currencies	121	-	x	x	x	-
Net assets	122	-	x	x	x	-
Dividends	123	-	x	x	-	-
Contributions to the reserve fund	124	-	-	-	-	-
Increase in the volume of the capital due to:						
	130	-	-887	-	-15,299	-16,186
Additional issue of shares	131	-	x	x	x	-
Increase in the par value of shares	132	-	x	x	x	-
Reorganisation of the legal entity	133	-	x	x	-	-
other	134	-	-887	-	-15,299	-16,186
Decrease in the volume of the capital due to:	140	14,124,680	9,118,789	64,69	7,463,361	30,771,520

II. Reserves

indicator	Remaining balance	Received	Retired	Remaining balance
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name	Code of the statistical office				
1	2	3	4	5	6
Reserves formed according to the legislation					
data of the previous year	150	-	-	-	-
Data of the accounting year	151	-	-	-	-
Reserves formed according to the constituent documents					
Data of the previous year	152	-	-	-	-
Data of the accounting year	153	-	64,690	-	64,690
Assessed reserves					
Reserve for doubtful debts					
data of the previous year	160	-	-	-	-
Data of the accounting year	161	-	-	-	-
Reserve for depreciation of financial investments:	162				
Data of the previous year	163	-	-	-	-
Data of the accounting year	164				
Reserve for circumstances that arise due to acknowledgment of the operations as discontinuing	165	-	-	-	-
Data of the previous year	166				
Data of the accounting year	167	-	-	-	-
Reserve created due to consequences of contingencies	168				
Data of the previous year	169	-	-	-	-
Data of the accounting year	170				
Reserve for decrease of the cost of material assets	171	-	-	-	-

Data of the previous year	180				
Data of the accounting year	181	-	-	-	-
Other	182				
Data of the previous year	183	-	-	-	-
Data of the accounting year	184				
reserves for future expenses:	185	-	-	-	-
Reserve for payment of remuneration by the year results	186				
Data of the previous year	187	-	-	-	-
Data of the accounting year	188				
Reserve for payment of leaves (including allocations)	189	-	-	-	-

References

indicator					
name	Code of the statistical office	balance as of the beginning of the year		balance as of the end of the year	
		1	2	3	4
1) Net assets	200	27,135,086		30,863,843	
		From the budget		From non-budget funds	
		For the accounting year	For the previous year	For the accounting year	For the previous year
		3	4	5	6

2) received for:	210	82	137	-	-
expenditures on ordinary kinds of activity - total					
including:	211	82	137	-	-
for compensations to Chernobyl victims	212				
	220	-	-	-	-
Capital investments in the non-current assets					
	221	-	-	-	-
	222	-	-	-	-

Head _____ N.M.Soldatov

Chief accountant – L.A.Sklyarova

REPORT ON CASHFLOW

For 2006

Company: OJSC "Moscow United Electric Grid Con

	codes		
Form 4 under All-Russian Classifier of Management Documentation (OKUD)	0710004		
date [year, month, day]	2006	12	31
under All-Russian Classifier of Business and Organisations (OKPO)	75273098		
Taxpayer Identification Number (INN)	5036065113		
All-Russian Classifier of Economic Activities (OKVED)	40.10.2		
under All-Russian Classifier of Forms of Incorporation (OKOPF) \ All-Russian Classifier of Forms of Ownership (OKFS)	47	42	
under All-Russian Classifier of Measurement Units	384		

Taxpayer Identification Number (INN)

Activity: electric energy transmission and distribution

form of incorporation \ form of ownership

unit of measurement: thousand roubles

Indicator name	Code of the statistical office	For the accounting period	For the similar period of the previous year
1	2	3	4
Remaining balance of the monetary funds as of the beginning of the accounting year	010	235,492	233,451
Cash flow on the current activity	020	34,954,855	13,916,101
Money received from purchasers, customers			
Purchased foreign currency incoming	030	-	-
Incoming in emergency situations	040	19,812	19,555
Incoming of money from the account within the company	045	27,985,513	10,475,934
Other profit (receipts)	050	218,917	113,142
Monetary means directed to:			
Payment for purchased goods, works, services, raw material and other circulating assets	150	(11,843,627)	(6,194,246)
For remuneration of labor	160	(3,243,227)	(1,520,775)
For payment of dividends, interest	170	(44,991)	-
For settlement of taxes and collections	180	(4,152,770)	(1,960,471)

Payments in emergency situations	181	(4,124)	(2,395)
Transfer of money from one account to another within the company	182	(27,985,513)	(10,475,934)
Social payments	183	(20,297)	(10,495)
for other expenses (payments)	190	(10,143,770)	(3,145,566)
Net cash received from the current activity	200	5,740,688	1,214,850
Cashflow under the investment activity	210	55	25,814
Profit from sale of facilities of fixed assets an other non-current assets	220	-	-
Proceeds from sale of securities and other financial investments	230	-	-
dividends received	240	-	-
interest received	250	-	-
Receipts from repayment of loans granted by other companies	260	4,423	-
other receipts			
	280	-	-
Purchase of subsidiary companies	290	(1,271,933)	(410,564)
Purchase of facilities of fixed assets, profitable investments in the material values and immaterial assets	300	-	-
Purchase of securities and other financial investments	310	-	-
Loans granted to other companies	320	(7,090,651)	(773,742)
Other expenses			
	340	(8,358,106)	(1,158,492)

Net cash from the investment activity	350	5,998,226	-
Cashflow under the financial activity	360	5,527,259	5,267,469
Receipts from emission of shares or other securities	370	179	146
Receipts from loans and credits granted by other companies	380	-	-
Receipts of money under target financing			
Other profit	390	(6,770,341)	(5,266,234)
	400	(351,620)	(55,698)
Repayment of loans and credits (interest free)	405	-	-
Repayment of liabilities under financial lease			
Other expenses	410	4,403,703	(54,317)
	420	1,786,285	2,041
Net cash from financial activity	430	2,021,777	235,492
Net increase (decrease) of cash and its equivalents	440	-	-

Head _____ N.M. Soldatov

Chief Accountant – L.A. Sklyarova

APPENDIX TO THE BALANCE SHEET

for 2006

Company: "Moscow United Electric Grid Company"

Taxpayer Identification Number (INN)

Activity: electric energy transmission
and distribution

Form of incorporation \ form of
ownership:

Unit of measurement: thousand rubles

	codes		
date [year, month, day]	2006	12	31
under OKPO	75273098		
INN	5036065113		
under OKVED	40.10.2		
under OKOPF \OKFS	47		42
under OKEI	384		

Immaterial assets

indicator		Presence for the beginning of the accounting year	Received	Retired	Presence for the end of the accounting period
name	Code of the statistical office				
1	2	3	4	5	6
Intellectual property matters (exclusive rights to intellectual property results)	010	-	-	-	-
including:	011	-	-	-	-
Patenter's right to invention, industrial design, utility model	012	-	-	-	-

Rightholder's right to computer programs, data bases	014	-	-	-	-
Owner's right to trademark and service designation, goods point of origin	020	-	-	-	-
Business charges	030	-	-	-	-
Business reputation of the company	040	-	-	-	-
Other	045	-	-	-	-
indicator				beginning of the	the end of the acc
name	Code of the statistical office				
1	2		3	4	
Immaterial asset depreciation - total	050		-	-	

Fixed assets

indicator		Presence for the beginning of the accounting year	Received	Retired	Presence for the end of the accounting period
name	Code of the statistical office				
1	2	3	4	5	6
Buildings	110	4,029,549	962,847	-5,061	4,987,335
Constructions and transfer devices	111	14,643,808	1,348,706	-40,559	15,951,955
Machines and equipment	112	8,197,956	3,167,791	-78,107	11,287,640

Transport means	113	81,694	43,381	-19,171	105,904
Production and organisational stock	114	73,597	243,263	-49,532	267,328
Plough cattle	115	-	-	-	-
Productive livestock	116	-	-	-	-
Perennial plantings	117	-	-	-	-
Other fixed assets	118	-	-	-	-
Land lots and nature facilities	119	7,143	-	-	7,143
Capital investments in land radical improvement	120	-	-	-	-
Total	130	27,033,747	5,765,988	-192,43	32,607,305

indicator		as of the beginning of the accounting year	as of the end of the accounting period
name	Code of the statistical office		
1	2	3	4
Fixed assets depreciation - total	140	1,043,676	2,814,278
including of:	141	502,787	1,317,330
buildings and constructions			
machines, equipment, transport means	142	523,907	1,433,414
others	143	16,982	63,534
fixed assets leased out - total	150	1,828	1,828
including:	151	607	607
plant and equipment			
Machinery, equipment, means of	152	1,221	1,221

transport			
other	153	-	-
fixed assets temporary closed down	155	-	-
fixed assets leased back - total	160	575,253	1,450,187
including:			
plant and equipment	161	58,610	53,245
Machinery, equipment, means of transport	162	501,187	1,382,580
		501,187	14,362
For reference	Code of the statistical office	for the beginning of the accounting year	for the beginning of the previous year
	2	3	4
Result of fixed assets reassessment	170	-	-
of primary (recovery) cost	171	-	-
of depreciation	172	-	-
of cost of fixed assets as a result of construction of additional equipment, reconstruction, partial liquidation	Code of the statistical office	as of the beginning of the accounting year	as of the end of the accounting period
	2	3	4
	180	61,232	8,668

Interest-bearing investments in tangible assets

indicator		Presence for the beginning of the accounting year	Received	Retired	Presence for the end of the accounting period
name	Code				
1	2	3	4	5	6

Property for leasing	210	-	-	-	-
Property given under the hire contract	220	-	-	-	-
Other	230	-	-	-	-
Total	240	-	-	-	-
	Code of the statistical office	as of the beginning of the accounting period	as of the end of the accounting period		
1	2	3	4		
Depreciation of interest-bearing investments in	250	-	-		

Charges for scientific research, design, experimental and engineering works

works type		Presence for the beginning of the accounting year	Received	Retired	Presence for the end of the accounting period
name	Code of the statistical office				
1	2	3	4	5	6
Total	310	-	-	-	-
including:					
	311	-	-	-	-
	312	-	-	-	-
	313	-	-	-	-

For reference:	Code of the statistical office	as of the beginning of the accounting year	as of the end of the accounting year
	2	3	4
Sum of charges on unfinished scientific research, design and experimental, and engineering works	320	-	-
Sum of charges on the research, design and experimental, and engineering works which did not give positive results - referred to the miscellaneous costs	Code of the statistical office	for the accounting period	for the similar period of the previous year
	2	3	4
	330	-	-

Natural resource development charges

indicator		Remaining balance as of the beginning of the accounting period	Received	written-off	Balance as of the end of the accounting period
name	Code of the statistical office				
1	2	3	4	5	6
Natural resource development charges	410	-	-	-	-
including:					
	411	-	-	-	-
	412	-	-	-	-
	413	-	-	-	-
For reference	Code			as of the beginning of the accounting year	as of the end of the accounting period
	2			3	4

Sum of charges on subsoil plots which did not result in search and estimation of deposits, investigation and (or) hydro-geological researches and other similar works	420	-	-
Sum of charges on the natural resources development referred to miscellaneous costs in the accounting period as ineffectual	430	-	-

Financial investments

indicator		long-term		short-term	
name	Code of the statistical office	as of the beginning of the accounting period	as of the end of the accounting period	as of the beginning of the accounting year	as of the end of the accounting period
1	2	3	4	5	6
Investments in the authorised (joint-stock) capitals of other companies - total	510				
including of affiliated and dependant economic entities	511	-	-	-	-
State and municipal securities	515	-	-	-	-
Securities of other companies - total	520				
including debt securities (bonds, promissory notes)	521	-	-	-	-
Granted loans	525	-	-	-	-
Deposit contributions	530	-	-	-	-
Others	535	-	-	-	-
Total	540				
Financial investments out of the total sum which have the current market value:	550	-	-	-	-
Contributions to authorized (joint-stock)	551	-	-	-	-

capitals of other companies - total					
including of affiliated and dependant economic entities	555	-	-	-	-
State and municipal securities	560	-	-	-	-
Securities of other companies - total	561	-	-	-	-
including debt securities (bonds, promissory notes)	565	-	-	-	-
Other	570	-	-	-	-
Total	580	-	-	-	-
For reference. On the financial investments which have the current market value, change of the value as a result of the estimation updating	590	-	-	-	-

Debt receivable and account payable

indicator		Balance as of the beginning of the accounting period	Balance as of the end of the accounting period
name	Code of the statistical office		
1	2	3	4
Debt receivable:	610	2,224,431	7,826,215
short-term - total	611	1,079,331	2,048,206
including:	612	733,093	3,481,806
settlement of accounts with purchasers and customers	613	412,007	2,296,203

advances given out	620	897	140
others	621	-	-
long-term - total	622	-	-
including:	623	897	140
settlement of accounts with purchasers and customers	630	2,225,328	7,826,355
advances given out	640	5,033,548	7,746,657
others	641	2,353,731	5,602,683
Total	642	541,257	2,066,443
Accounts payable:	643	217,11	37,559
short-term - total	644	1,247,619	-
including:	645	258,153	-
settlement of accounts with suppliers and contractors	646	415,678	39,972
advanced received	650	-	9,550,238
settlement of accounts on taxes and tax collections	651	-	-
credits	652	-	-
loans	653	-	-
others	654	-	6,403,715
long-term - total	655	-	3,146,523
Including:	660	5,033,548	17,296,895

Costs on ordinary kinds of activity (on elements of cost)

indicator		as of the accounting year	as of the previous year
name	Code of the statistical office		

1	2	3	4
Tangible costs	710	4,189,708	2,268,028
Labour costs	720	2,792,290	1,501,306
Contributions to social needs	730	609,596	368,74
Depreciation	740	1,770,592	1,042,897
Other costs	750	9,868,725	4,932,596
Total on elements of costs	760	19,230,911	10,113,567
Balance change (growth [+], decrease[-])			
construction-in-process	765	10,624	-2,791
charges of future periods	766	83,026	-107,452
reserves for future charges	767	-	-

Provision

indicator		of the beginning period	as of the end of the period
name	Code of the statistical office		
1	2	3	4
Received - total	810	10,196	6,154
including:			
promissory notes	811	-	-
Property in pawn	820	-	-

including: fixed assets facilities	821	-	-
securities and other financial investm	822	-	-
others	823	-	-
		-	-
Given out - total	830	570	-
including: promissory notes	831	-	-
Pledged property	840	-	-
including: fixed assets facilities	841	-	-
securities and other financial investm	842	-	-
others	843	-	-
		-	-

State aid

indicator		Accounting period		as of the similar period of the previous year	
name	Code of the tax office/statistical office				
1	2	3		4	
Budget means received in the accounting y	910	-		-	
Including:	911	-		-	
	912	-		-	
Budget credits - total		For the beginning of the accounting year	Received for the accounting period	Given back for the accounting period	For the end of the accounting period

	920	-	-	-	-
Including:	921	-	-	-	-
	922	-	-	-	-

Head – N.M. Soldatov

Chief Accountant – L.A. Sklyarova

OPEN JOINT-STOCK COMPANY
“Moscow Regional Electric Grid Company”
BALANCE SHEET FOR 2006

Explanatory note

1. General information

Open joint-stock company “Moscow United Electric Grid Company” renders services on transmission and distribution of electric energy, connection to electric networks and other kinds of activity stipulated in the RF legislation.

OJSC “MOEsK” was established as a result of restructuring of Mosenergo, JSC in the form of spinning off on the basis of the resolution of the Annual General Shareholder Meeting of Mosenergo, JSC (minutes No.1 as of 29 June, 2004) registered on 1 April, 2005, at the following address:27, Ordzhonikidze St, Podolsk, Moscow Region.

OJSC “MOEsK” has the following branches:

- 1.”Southern Electric Networks”
- 2.”Eastern Electric Networks”
3. “October Electric Networks”
4. “Northern Electric Networks”
5. “Noginsk Electric Networks”
6. “Podolsk Electric Networks”
7. “Kolomna Electric Networks”
8. “Shatura Electric Networks”
9. “Western Electric Networks”

10. "Kashirsk Electric Networks"
11. "Mozhaisk Electric Networks"
12. "Dmitrov Electric Networks"
13. "Volokolamsk Electric Networks"
14. Moscabelenergoremont
15. Electric Equipment Repair Plant
16. Moscabelsetmontazh
17. "High-Voltage Electric Networks"

Number of OJSC "MOESK" personnel as of 31 December, 2006, equalled 10,480 people.

The Company's Board of Directors includes:

No.	Name	Position in the Board of	Place of work	Position
1	Andrei Natanovich Rappoport	BD Chairman	UES FGC, JSC	Chairman of the Management
2	Alexander Nikolayevich	BD Deputy Chairman	UES FGC, JSC	First Deputy Chairman of the
3	Pavel Stepanovich Smirnov	BD member	RAO UES of Russia, JSC	Member of the Management
4	Andrei Vladimirovich Kolesnikov	BD member	RAO UES of Russia, JSC	Head of the division of the
5	Vassily Alexandrovich Zubakin	BD member	HydroOGK, JSC	Member of the Management
6	Andrei Alexandrovich Dyomin	BD member	UES FGC, JSC	Head of the Interregional
6	Yury Ivanovich Trofimov	BD member	OJSC "MOESK"	General Director
7	Alexei Anatolievich Matveyev	BD member	Gazprombank Commercial	Deputy General Director
8	Wolfgang Skibot	BD member	Gazprombank Commercial	Managing Director of the
9	Anatoly Anatolievich Gavrilenko	BD member	Leader, CJSC (pension fund)	General Director
10	Vsevolod Georgievich Pleshivtsev	BD member	Department of the Fuel and	First Deputy Head
11	Dmitry Viktorovich Shtykov	BD member	Institute of Professional	General Director
12	Andrei Anatolievich Kokin	BD member	Leader, JSC	Deputy General Director –
13	Vladimir Nikolayevich Silkin	BD member	Department of Property of the	Head

The Checkup Committee includes:

No.	Name	Position in the Checkup Committee	Place of work	Position
1	Lyudmila Romanovna Matyunina	Chairman of the Checkup Committee	RAO UES of Russia, JSC	First Deputy Head of the Department of Internal Audit, Corporate Centre
2	Anatoly Valerievich Baitov	Member of the Checkup Committee	UES FGC, JSC	Head of the Direction of Finance Control and Internal Audit
3	Sergei Vyacheslavovich Vassiliev	Member of the Checkup Committee	RAO UES of Russia, JSC	Head of the Law Department, Corporate Centre
4	Anna Lvovna Parfyonova	Member of the Checkup Committee	IDGC of Centre and Northern Caucasus, JSC	Leading Specialist of the Department of Financial Control and Analysis
5	Alexander Georgievich Erlikhman	Member of the Checkup Committee	OJSC "MOESK"	Head of the Financial Department

2. Accounting policy

The accounting and tax policies are set out in the explanatory note.

2.1. Regulatory legal basis

The Company's accounting report was drawn up on the basis of the RF rules of accounting and tax reporting, in particular:

Federal law No.129-FZ 'On accounting' as of 21 November, 1996;

Regulation on keeping of accounting and accounting reports in the Russian Federation approved in order No.34n of the Ministry of Finance as of 29 July, 1998;

Accounting statute 1/98 'Accounting policy of an organisation' approved in order No.60n of the RF Ministry of Finance as of 9 December, 1998;

Accounting statute No.2/94 'Accounting of agreements (contracts) on capital construction' approved in order No.167 as of 20 December, 1994;

Accounting statute No.3/2000 'Accounting of assets and obligations the cost of which is expressed in the foreign currency' approved in order No. 154n of the RF Ministry of Finance as of 27 November, 2006;

Accounting statute No.4/99 'Accounting reporting of an organisation' approved in order No.43n of the RF Ministry of Finance as of 6 July, 1999;

Accounting statute No.5/01 'Accounting of material stocks' approved in order No.44n of the RF Ministry of Finance as of 25 June, 2001;

Accounting statute No.6/01 'Accounting of fixed assets' approved in order No.26n of the RF Ministry of Finance as of 30 March, 2001;

Accounting statute No.7/98 'Events after the accounting date' approved in order No.56n of the RF Ministry of Finance as of 25 November, 1998;

Accounting statute No.8/01 'Contingencies of economic activity' approved in order No.96n of the RF Ministry of Finance as of 28 November, 2001;

Accounting statute No.9/99 'Income of a company' approved in order No.32n of the RF Ministry of Finance as of 6 May, 1999;

Accounting statute No.10/99 'Costs of a company' approved in order No.33n of the RF Ministry of Finance as of 6 May, 1999;

Accounting statute No.11/2000 'Information on affiliated persons' approved in order No.5n of the RF Ministry of Finance as of 13 January, 2000;

Accounting statute No.12/2000 'Information on segments' approved in order No.11n of the RF Ministry of Finance as of 27 January, 2000;

Accounting statute No.13/2000 'Accounting of state aid' approved in order No.92n of the RF Ministry of Finance as of 16 October, 2000;

Accounting statute No.14/2000 'Accounting of immaterial assets' approved in order No.91n of the RF Ministry of Finance as of 16 October, 2000;

Accounting statute No.15/01 'Accounting of loans and credits and costs for their service' approved in order No.60n of the RF Ministry of Finance as of 2 August, 2001;

Accounting statute No.16/02 'Information on continuous education' approved in order No.66n of the RF Ministry of Finance as of 2 July, 2002;

Accounting statute No.17/02 ‘Accounting of costs for scientific, research, construction and technological works’ approved in order No.115n of the RF Ministry of Finance as of 19 November, 2002;

Accounting statute No.18/02 ‘Accounting of costs for tax income’ approved in order No.114n of the RF Ministry of Finance as of 19 November, 2002;

Accounting statute No.19/02 ‘Accounting of financial investments’ approved in order No.126n of the RF Ministry of Finance as of 10 December, 2002;

Accounting statute No.20/03 ‘Information on participation in common activity’ approved in order No.105n of the RF Ministry of Finance as of 24 November, 2003;

Operating Russian rules (standards) of financial accounting.

The Company’s assets and obligations were assessed in the reporting on actual costs of their purchase.

2.2.Assets and liabilities in foreign currencies

OJSC “MOESK” does not have assets and liabilities in foreign currencies.

2.3. Short-term and long-term assets and liabilities

In the reporting assets and liabilities are listed as short-term and long-term. Long-term obligations include obligations on loans given to employees, because the term of the obligation exceeds 12 months.

2.4. Immaterial assets

OJSC “MOESK” does not have immaterial assets.

2.5. Fixed assets

Fixed assets include land plots, buildings, machinery, equipment, transport vehicles and other corresponding facilities with the term of service of 12 months.

The initial cost of the fixed assets as of 1 January, 2006, was 27,033m roubles, as of 1 January, 2007, 32,607m roubles.

The fixed assets entered the accounting records of Mosenergo, JSC as of 1 April, 2005, at residual cost that is initial for OJSC “MOESK”. Thus, depreciation of the fixed assets was accrued in the accounting report in a linear way by the kinds of the fixed assets residual cost and residual useful use.

The accrued depreciation as of 1 January, 2007, was:

buildings	-3.2%
Constructions and transfer devices	-6.9%
Machinery and equipment	-11.88%
Transport vehicles	-39%
Other kinds of fixed assets	-52%

In the tax accounting the fixed assets are accounted by groups, and depreciation is accrued by a linear way.

The depreciation was not accrued for land plots and housing fund facilities.

Profit and costs from fixed assets retirement are set out in the Profit and Loss Report within operational income and costs; costs from fixed assets writing-off are set out in the Profit and Loss Report within outstanding costs.

2.6. Investing in shares

The company did not invest in shares in 2006.

2.7. Debt obligations

In 2006 the company issued a bond loan in the amount of RUR 6,000m. The bond stake was 8.05% of interest per annum without an offer. The bonds circulation term – 5 years. The funds received from placement of obligations were spent on financing of the Company's investment programme.

2.8. Material stocks

Material stocks were assessed in the sum of actual costs for purchase.

Assessment of material stocks at their supply to workshops and other retirement was made in 2006 at average prime cost.

2.9. Construction-in-progress

Construction-in-process was assessed by its factual prime cost.

2.10. Costs of future periods

The costs made by the Company in the reporting year but referring to the future reporting periods are set out as costs of future periods and are subject to writing off for their intended purposes during the periods to which they refer.

2.11. Debts of buyers and customers

The debts of buyers and customers are defined proceeding from the prices set under the agreements.

2.12. Reserves for future periods

OJSC “MOESK” did not create any reserves for future periods.

2.13. Revenue recognition

Proceeds from sale of products and goods, rendering of services was recognised for the accounting reporting in the process of delivery of products (rendering of services) to the buyers and presentation to them of accounting documents. The proceeds are set out in the Profit and Loss Report minus value-added tax.

OJSC “MOESK” calculates the income for taxation under the accrual method. Under this method the income is recognised in the reporting period in which they were generation, irrespective of the actual reception of money.

2.14. Reserve capital

OJSC “MOESK” is forming a reserve capital aimed to cover losses that, though not defined, may occur in the business activities. The reserve capital is formed on the basis of OJSC “MOESK’ net income.

2.15. Changes in the accounting policy

In 2006 OJSC “MOESK” made amendments to the accounting policy for the financial and tax accounting in Accounting statute 6/01 ‘Accounting of fixed assets’ on the basis of enforced federal laws No.58-FZ as of 6 June, 2005 and No.118-FZ, No.119-FZ as of 22 July, 2005.

3. Disclosure of essential indicators of the reporting

3.1. Fixed assets (section 120 of the Balance sheet)

This section contains interpreting of OJSC “MOESK” fixed assets as of 31 December, 2006, and explanations to the indicators change.

The cost of the fixed assets by kinds:

RUR m

No.	Fixed assets group	Replacement cost as of 31 December, 2005	Remaining cost	% of the total
			31 December, 2006	31 December, 2006
1	Buildings	3,904	4,823	919
2	Constructions and transfer devices	14,32	14,942	622
3	Machinery and equipment	7,637	9,871	2,234
4	Transport fixed assets, etc	76	64	-12
5	Other fixed assets	53	93	40
	TOTAL	25,99	29,793	3,803

Increase of the residual cost of the fixed assets is explained by purchase of the property or launch of the built facilities. In 2006 the company launched fixed assets for the sum of RUR 5,581m.

3.2. Construction-in-process (section 130 of the Balance sheet)

OJSC “MOESK” is conducting new construction, reconstruction and updating of its facilities. In 2006 the company executed work on construction-in-process for the sum of RUR 10,174m and launched facilities for the sum of RUR 1,210m.

3.3. Long-term financial investments (section 140 of the Balance sheet)

OJSC “MOESK” did not make any long-term financing investments.

3.4. Material stocks (section 210 of the Balance sheet)

The company assessed its material stocks in the sum of actual costs of their purchase. For the end of the year their cost equalled RUR 1,485m, that is 3% of OJSC “MOESK” circulating assets.

3.5. Debts of buyers and customers (sections 230 and 240 of the Balance sheet)

The main business activities of OJSC “MOESK” are rendering of services on transmission and distribution of electric energy, the tariff on which is set by the Regional Energy Committee of Moscow and the Energy Committee of the Moscow Region.

Interpretation of the accounts receivable under section 230

RUR m

No.	Name	Sum
	Buyers, customers	
	Bills receivable	
	Advances made	
	Other debtors	0.1
	Total:	0.1

Interpretation of the accounts receivable under section 240

RUR, million

No.	Name	Sum
	Buyers, customers	2,048

	Bills receivable	
	Advances made	3,482
	Other debtors	2,296
	Total:	7,826

3.6. Other long-term liabilities (section 520 of the Balance sheet)

As of 1 January, 2007, OJSC “MOESK” has long-term obligations in the amount of RUR 3,147m.

This sum consists of advances received under the contracts of restrictions elimination and capacity connection.

3.7. Short-term accounts payable (section 620 of the Balance sheet)

RUR m

Short-term accounts payable equal:	
In particular:	
Suppliers and contractors (section 621 of the balance sheet)	5,603
Labour payment debts (section 624 of the balance sheet)	8
Private funds debts (section 625 of the balance sheet)	6
Debts to the budget (section 626 of the balance sheet)	38
Subsidiary and dependent companies and other creditors ((sections 622, 623 and 627 and of the balance sheet)	2,066
Other creditors, total (section 628 of the balance sheet)	26
TOTAL	7,747

3.8. Additional capital (section 420 of the balance sheet)

OJSC “MOESK” additional capital reduced by 1m roubles in 2006 as a result of writing-off of the fixed assets.

3.9. Shares of the Company.

As of 31 December, 2006, OJSC “MOESK” authorised capital equalled 14,124,679,850 roubles and consisted of:

	Total number	Par value	Par value of the shares
Ordinary shares	28,249,359,700	0.5	14,124,679,850
Preferred shares	-	-	-
TOTAL:	28,249,359,700	-	14,124,679,850

3.10. State help

OJSC “MOESK” did not receive subvention from the federal budget.

3.11. Main subsidiary and dependent companies

OJSC “MOESK” does not have any subsidiary and dependent companies.

3.12. Goods exchange operations

OJSC “MOESK” did not make any goods exchange operations.

3.13. Income and costs under ordinary business activities

Income and costs for the reporting year are set out in the profit-and-loss report by ordinary business activities, operational and outstanding income and income with interpretation by kinds.

3.14. Other operational income and expenses

Other income and expenses consist of the following groups:

RUR m

	2005	2006

Other operational income	439	1,127
Including:		
From sale of material assets	90	1,064
From sale of fixed assets	22	22
Charges, fees	37	
Income received in the procedure of losses cover	263	
Insurance money	18	20
Other	9	21
Other expenses	632	2,039
Including:		
From sale of material assets	87	1,041
From sale of fixed assets	22	3
Retirement of assets	74	58
Services of banks	13	26
Property tax	47	82
Registration of facilities	6	-
Awarding, material support	112	304
Holiday trips for employees	20	21
Shortage	30	-
VAT	20	40
Consulting services	75	234
Costs of insurance cases	21	34
Compensating payments to dismissed employees	21	-
Other	84	196

3.15. Taxes

At calculation of taxes OJSC “MOESK” was guided by the Tax Code.

3.16. Terminated activities

In 2006 OJSC “MOESK” did not terminate its activities.

3.17. Income per share

	2005	2006
Net income per reporting year, RUR	1,294	3,735
Average number of ordinary shares in circulation during the reporting year, million shares	28,249	28,249
BASIC INCOME PER SHARE, RUR	0.045	0.13

3.18. Affiliates

OJSC “MOESK” is controlled by RAO UES of Russia, JSC that owns 50.9% of OJSC “MOESK” ordinary shares. The remaining 49.1% of the ordinary shares are owned by other shareholders.

Remuneration of directors

In 2006 OJSC “MOESK” paid to the members of the Board of Directors and the top managers of the Company remuneration in the amount of 3,307,108 (three million three hundred and seven thousand one hundred and eight) roubles.

Loans given to directors

OJSC “MOESK” did not give to the members of the Board of Directors and the top managers of the Company any money loans.

3.19. Information by segments

Primary information – operating segments

In 2006 OJSC “MOESK” did not execute work and render services subject to risks.

Secondary information – geographical segments

OJSC “MOESK” conducts charter activity in Moscow and the Moscow Region, thus, the information on the geographical segment is not disclosed here.

3.20. Events after the reporting date

Dividends

The amount of the annual dividend in 2006 per one share will be approved by OJSC “MOESK” General Shareholder Meeting.

3.21. Contingent obligations

OJSC “MOESK” became the guarantee of three parties for the total sum of RUR 0.1m. OJSC “MOESK” top managers do not expect any essential obligations connected with these guarantees.

OJSC “MOESK” is the defendant in a number of arbitrary processes. The most large process is the process of calculation of sums from the budget of paid income tax for 2005 in the amount of 357m roubles, where OJSC “MOESK” is a plaintiff. The given issue is connected with definition of the cost of fixed assets and the amount of accrued amortisation in the tax accounting. The law practice on the given issue is manifold. We estimate the possibility of positive outcome on the given issue as 50% possible.

Head of the Company _____ N.M. Soldatov

Chief Accountant of the Company _____ L. A. Sklyarova

Auditor conclusion
On the financial (accounting) reporting

Addressee: shareholders of Open Joint-Stock Company “Moscow United Electric Grid Company”.

Auditor:

Name: HLB Vneshaudit Closed Joint Stock Company

Address: office No.701, entrance 3, 12, Krasnopresnenskaya Embankment, Moscow, 123610 (telephone 967-0495, fax 967-0497).

State registration: registered by Moscow Registration Chambers as of 17 February, 1992; certificate No. 470.740. Registered in the Uniform State Register of Legal Entities as of 14 January, 2005, with the primary state registration number 1027739314448.

Licence No. E 000548 as of 25 June, 2002, given by the Ministry of Finance of the Russian Federation with the validity period of five years.

Member of Professional Auditor Organisations Union non-commercial organisation and member of Institute of Professional Auditors partnership; certificate No.30.

Audited entity

Name: Open Joint-Stock Company “Moscow United Electric Grid Company”

Address: 27, Ordzhonikidze St, Podolsk, Moscow Region, 142100

State registration: Registered in the Uniform State Register of Legal Entities as of 14 September, 2006, with primary state registration number 1057746555811.

We have carried out the audit of the attached financial (accounting) reporting of Open Joint-Stock Company “Moscow United Electric Grid Company” from 1 January through to 31 December, 2006. The financial (accounting) reporting of Open Joint-Stock Company “Moscow United Electric Grid Company” consists of:

- balance sheet;
- profit-and-loss report;
- appendices to the balance sheet and the profit-and-loss report;
- explanatory note.

Responsibility for preparation and presentation of this financial (accounting) reporting is born by the executive body of Open Joint-Stock Company “Moscow United Electric Grid Company”. Our obligations are to express our opinion on the reliability of all existing relations of the given reporting and conformity of the order of keeping of accounting reports to the legislation of the Russian Federation on the basis of the carried out audit.

We carried out the audit in conformity to:

Federal law No. 119-FZ ‘On auditor activity’ as of 7 August, 2001;

Federal rules (standards) of auditor activity;

Rules (standards) of auditor activity of the auditor;

Normative acts of the body that regulates the activity of the audited entity.

The audit was planned and executed in order to receive sound proves that the financial (accounting) reporting does not contain any essential infringements. The audit was executed on the selective basis and included:

- examination on the basis of testing of proves that confirm number indicators and disclosure of financial (accounting) reporting of the information on the industrial and commercial activities of the audited entity;
- assessment of the form of observance of the principles and rules of accounting applied at drawing up of the financial (accounting) reporting;
- examination of the main assessment indicators received by the managers of the audit entity at drawing up of the financial (accounting) reporting;
- assessment of presentation of financial (accounting) reporting.

We think that the executed audit gives proves sufficient for expression of opinion on the reliability of all aspects of the financial (accounting) reporting and conformity of the procedure of accounting keeping to the legislation of the Russian Federation.

According to our opinion, the financial (accounting) reporting of Open Joint-Stock Company “Moscow United Electric Grid Company” with balance currency of RUR 48,372,598k reflects reliably all aspects of the financial regulations as of 31 December, 2006, and the results of the industrial and commercial activities from 1 January through to

31 December, 2006, according to the requirements of the legislation of the Russian Federation concerning preparation of the financial (accounting) reporting.

End date of the audit – 1 March, 2007.

General Director _____ L.M. Mitrofanov

Head of the auditor check _____ S.G. Spivak

(qualification certificate No. 013358

of the Ministry of Finance of the Russian

Federation as of 30 May, 2006 (permanent from

25 April, 2002) for execution of auditor activities

in the sphere of general audit).

Appendix No.2 Quarterly accounting reports of OJSC “Moscow United Electric Grid Company” for the 1st quarter of 2007

BALANCE SHEET

For quarter I 2007

		Codes		
	Form No.1 under OKUD	0710001		
	Date (year, month, day)	2007	03	31
Organization: OJSC «Moscow United Electric Grid Company»	under OKPO	75273098		
Taxpayer's identification number	INN	5036065113		

Activity: transmission and distribution of electric energy	under OKVED	40.10.2
Form of incorporation/ form of property: open joint-stock company	under OKOPF/OKFS	47/42
Unit of measurement: thousand rubles	under OKEI	384/385
Location (address) 142100, Moscow region, Podolsk Ordzhonikidze street 27		
	Date of approval	
	Date of sending (adoption)	

ASSET	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110		
Fixed assets	120	40 566 549	40 264 066
Incomplete construction	130	6 331 093	7 470 562
Profitable investments into material assets	135		
Long-term financial investments	140		500 000
Deferred tax assets	145	67 294	80 832
Other non-current assets	150		
TOTAL on section I	190	46 964 936	48 315 460
II. CURRENT ASSETS			
Stocks	210	1 485 059	1 720 311
Including:			
Raw material, other materials and other similar values		1 254 482	1 408 249
Rearers and fatteners			

Expenses in incomplete production		13 765	31 668
Finished goods and goods for resale		14 512	14 097
Goods shipped			
Charges of future periods		202 300	266 297
Other stocks and expenses			
Value-added tax on the purchased values	220	847 845	355 750
Receivables (payments under which are expected in more than 12 months after the reporting date)	230	140	
Including buyers and customers			
Receivables (payments under which are expected within 12 months after the reporting date)	240	7 826 215	9 765 623
Including buyers and customers	241	2 048 206	1 925 117
Short-term financial investments	250		
Money resources	260	2 021 925	1 463 718
Other current assets	270		
TOTAL on section II	290	12 181 184	13 305 402
BALANCE (sum of lines 190 + 290)	300	59 146 120	61 620 862

LIABILITIES	Lin e cod e	As of the beginning of the reporting period	As of the end of the reporting period
1	2	3	4
III. CAPITAL AND RESERVES			
Authorized capital	410	14 124 680	14 124 680
Own shares redeemed from shareholders			
Additional capital	420	19 892 311	19 892 311
Reserve capital	430	64 690	64 690
Including:			
reserves formed according to the legislation	431		
Reserves formed in accordance with the constituent documents	432	64 690	64 690

documents			
Unallotted profit (uncovered loss)	470		1 727 722
TOTAL on section III	490	41 545 042	43 272 801
IV. LONG-TERM LIABILITIES		6 403 715	6 281 972
Loans and credits	510		
Postponed tax liabilities	515	211 860	282 178
Other long-term liabilities	520	3 146 523	2 838 013
TOTAL on section IV	590	9 762 098	9 402 163
V. SHORT-TERM LIABILITIES			
Loans and credits	610		
Creditor debts	620	7 746 657	8 784 060
Including: Suppliers and contractors	621	5 602 683	3 360 739
Debts under taxes and tax collections	624	7 837	283 570
Other creditors	625	6 105	90 726
Debts under taxes and tax collections	626	37 559	86 474
Other creditors	628	26 030	884 166
Debts to participants (founders) on payment of incomes	630		
Incomes of future periods	640	92 323	161 838
Reserved for future expenses	650		
Other short-term liabilities	660		
TOTAL on section V	690	7 838 980	8 945 898
BALANCE	700	59 146 120	61 620 862

CERTIFICATE ON PRESENCE OF VALUES REGISTERED ON OFF-BALANCE ACCOUNTS	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	3	4
Rented fixed assets	910	955 297	4 218 932
Including on leasing	911	1 007 861	4 252 055

Inventories accepted for responsible storing	920	24 626	21 543
Goods accepted for commission	930		
Debts of insolvent debtors written off as a loss	940	2 643	5 155
Security of obligations and payments received	950	6 154	5 997
Security of liabilities and payments, granted	960		
Deterioration of housing	970	438	441
Deterioration of land improvement facilities and other similar objects	980		
Intangible assets received for use	990	27	12

Head

N.M. Soldatov

Chief Accountant

Lyudmila Alexeevna
Sklyarova

PROFIT AND LOSS STATEMENT
for the quarter I 2007

Form No. 2 under OKUD (All-Russian Classifier of Management Documentation)

Date (year, month, day)

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

under OKPO
(All-Russian
Classifier of
Businesses and
Organizations)

Taxpayer's identification number

TIN

Activity: **transmission and distribution of electric energy**

under OKVED
(All-Russian
Classifier of
Economic

Codes		
0710002		
2007	03	31
75273098		
5036065113		
40.10.2		

Form of incorporation/ form of property: **open joint-stock company/**

Unit of measurement: **thousand rubles**

Activities)	
under OKOPF/OKFS (All-Russia Classifier of Forms of Ownership)	47/42
under OKEI (All-Russia Classifier of Measurement Units)	384/385

Indicator	Line code	For the reporting period	For the similar period of the previous year
1	2	3	4
I. Incomes and charges on ordinary operations	010	9 098 711	6 489 430
Earnings (net) from sale of goods, products, works, services (net of the value added tax, excises and similar obligatory payments)			
Cost price of sold goods, products, works, services	020	(- 6 466 188)	(- 4 105 750)
Total profit	029	2 632 523	2 383 680
Commercial charges	030	()
Administrative charges	040	()
Profit (loss) from sales	050	2 632 523	2 383 680
Other incomes and charges			
Interest receivable	060	9 925	1 382
Interest payable	070	(- 15 461	- 27 833)
Incomes of participation in other organizations	080		
Other incomes	090	958 477	93 350
Miscellaneous costs	100	(- 1 253 258	- 139 124)

Profit (loss) before taxation	140	2 332 206	2 311 455
Postponed tax assets	141	13 539	11 593
Postponed tax liabilities	142	- 70 318	- 4 526
Current profit tax	145	(- 540 384)	- 591 786)
Other similar obligatory payments			
Net profit (loss) of the reporting period)	190	1 727 722	1 726 736
FOR REFERENCE			
Constant tax liabilities (assets)	200	37 433	29 970
Base profit (loss) per share			
Dilluted profit (loss) per share			

EXPLANATION OF CERTAIN PROFIT AND LOSS

Indicator		For the reporting period		For the similar period of the last year	
Indicator	Code	Profit	Loss	Profit	Loss
1	2	3			4
Penalties, fines and penalty fees recognized, the court decisions (arbitration court) on the collection of which were received	210		-112		-132
Profit (loss) of the last years	220	2 371	- 24 967	19 711	- 5 656
Indemnification caused by default or inadequate execution of obligations	230	1 403	- 40	251	- 25
Course differences on operations in epy foreign currency	240	153	- 159		
Contributions to the estimated reserves	250	X		X	
Write-off of receivables and payables, under which the term of limitation of the action has expired	260	134	- 2 512		

Head	N.M. Soldatov	Chief Accountant	Lyudmila Alexeevna Sklyarova
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Appendix No.3 Accounting policy of OJSC “Moscow United Electric Grid Company”

OPEN JOINT-STOCK COMPANY

“MOSCOW UNITED ELECTRIC GRID COMPANY”

ORDER

29 December, 2006

No.402-612

Moscow

On the accounting

and tax registration policy of OJSC "MOESK" for 2007

According to the legislation of the Russian Federation I ORDER:

1. To approve and introduce the Regulation on the tax registration policy of OJSC "MOESK" for 2007 according to appendix 1.
2. To approve and introduce the Regulation on the accounting registration policy of OJSC "MOESK" for 2007 according to appendix 2.
3. That directors of branches provide conducting the accounting and tax account according to the accounting and tax registration policy of OJSC "MOESK".
4. The control over execution of the present order to assign to First Deputy General Director for Economy N.M.Soldatov and Chief Accountant L.A.Sklyarova.

General Director Yu.I.Trofimov

Sent to the accounts departments and directors of branches.

L.A.Sklyarova

980-12-94

Appendix 1 to the order
OJSC "Moscow United Electric Grid Company"
as of 29 December, 2006, No.409-612 _

Regulation
on the tax registration policy of
OJSC "Moscow United Electric Grid Company"
For 2007

1. Principles of organisation of tax accounting. General provisions

1.1. The present Regulation defines the system of tax accounting accepted in OJSC "Moscow United Electric Grid Company" for calculation, payment and declaring of taxes, and also the process of interaction of the isolated divisions of OJSC "Moscow United Electric Grid Company" concerning tax accounting.

The tax registration policy for the taxation is obligatory for the branches of "Moscow United Electric Grid Company".

Changes are brought in the tax registration policy of OJSC "Moscow United Electric Grid Company" at change of the process of the account of separate economic operations and (or) objects with a view of the taxation in case of change of the legislation or applied methods of the account, and also if OJSC "Moscow United Electric Grid Company" has started to perform new kinds of activity.

Decisions on any changes are set out in the tax registration policy for the taxation.

1.4. OJSC "Moscow United Electric Grid Company" uses system of registers of tax accounting and the process their fillings provided in the specialised program "1C: Accounts department 7.7".

1.5. Inventory of obligations connected with calculations under taxes and payments, verification of debts with tax bodies are made by the executive device and the branches of OJSC "Moscow United Electric Grid Company" in a place of discharge of duties of the tax bearer.

1.6. Each Inspection of the Federal Tax Service of Moscow located in the Moscow Region and to other regions of Russia is appointed responsible branch for carrying out of adjustment of calculations under Open Society personal accounts "Moscow United Electric Grid Company" under the centralised taxes according to Open Society order "Moscow United Electric Grid Company".

2. Principles of organisation of discharge of duties of OJSC "Moscow United Electric Grid Company" on tax accounting

2.1. The account of calculations under taxes and the payments paid in the budget and off-budget funds is conducted by continuously accruing result during the tax period separately under each tax, and payment in a cut of level of budgets and off-budget funds (federal, the budget of the subject of the Russian Federation, the local budget), and also in a cut of type of debts (shortage on the basic sum of the tax, payment, fee, penalty).

2.2. Tax accounting is carried out at all levels of management of OJSC "Moscow United Electric Grid Company". Responsibility for drawing up of the tax reporting is assigned to workers of the tax sector which are a part of the accounting service, headed by the chief accountant of OJSC "Moscow United Electric Grid Company".

Powers and responsibility of tax divisions at each level of management and in each level are defined by the Regulation on division, the Regulation on the tax registration policy of OJSC "Moscow United Electric Grid Company" and duty regulations of the employees who are carrying out tax accounting and drawing up of the tax reporting in the organisation.

The documents proving calculations on charge and payment of taxes are formed by tax sector of accounts department of the executive device on the data given to it by branches of OJSC "Moscow United Electric Grid Company" and accounts department of the executive device according to the document circulation schedule.

2.3. In book keeping requirements to tax accounting according to positions of the Tax code of the Russian Federation (further the Tax Code of the Russian Federation) are provided.

2.4. Under taxes, and payments the separate account of calculations is conducted:

For each branch

By kinds of budgets;

by budget-receivers;

by types of tax and payments.

The analytical account of calculations under penal sanctions for non-observance of rules of the taxation and fees is conducted by kinds of budgets, taxes, payments.

2.5. For maintenance of correct and full formation of taxable bases under all taxes and payments branches give the necessary information in the terms established by the schedule of document circulation, in forms and the volumes approved by corresponding orders of the chief accountant of OJSC "Moscow United Electric Grid Company".

3. Distribution of duties between the executive device and the branches of OJSC "Moscow United Electric Grid Company"

3.1. The executive device carries out duties of the tax bearer (calculation of taxable base, granting of declarations (advance calculations)) under the following taxes:

Under the profit tax - carries out tax calculation as a whole on OJSC "Moscow United Electric Grid Company", distributes the sum of tax payments between budgets of different levels, represents the summary declaration (advance calculation) in the electronic form to the local tax accounting body as the largest tax bearer,

and also the declaration (advance calculations) in local tax bodies of the responsible isolated divisions (item 80 item 3, item 2 of item 288 of the Tax code of the Russian Federation).

Under the tax to the added cost - carries out tax calculation as a whole on OJSC "Moscow United Electric Grid Company" and represents the tax declaration in the electronic form to the local tax accounting body as the largest tax bearer;

Under the tax to property - carries out tax calculation as a whole on OJSC "Moscow United Electric Grid Company" and represents the tax declaration (advance calculations) in the electronic form to the local tax accounting body as the largest tax bearer, and also tax declarations (advance calculations) in local tax bodies of the isolated divisions having separate balance (branches), and in local tax bodies of objects of the real estate which is out of a site of the organisation, the isolated division of the organisation having separate balance (branch);

Under the ground tax - regarding the ground areas considered in the executive device, carries out calculation of the tax and represents tax declarations (advance calculations) in the electronic form to the local tax accounting body as the largest tax bearer and in tax body on the ground area location;

Under the tax to incomes of physical persons (the tax agent) and the uniform social tax - regarding the payments to workers made by the executive device, carries out calculation of taxes, insurance payments on obligatory pension insurance and represents tax declarations, declarations on insurance payments on obligatory pension insurance (advance calculations) in the electronic form to the local tax accounting body of OJSC "Moscow United Electric Grid Company" as the largest tax bearer; data on incomes of physical persons under the form 2-NDFL on tax bearers - physical persons, are represented to the local tax accounting body of the executive device in the process established the Federal Tax Service of Russia.

As the tax agent the executive device at payment of dividends to shareholders of OJSC "Moscow United Electric Grid Company" estimates and keeps the profit tax of legal bodies and the tax to incomes of physical persons.

The executive device estimates and keeps the VAT from the sums of the incomes paid to the organisations that are non-residents and are not on the tax file of the Russian Federation.

3.2. The branches of OJSC "Moscow United Electric Grid Company" perform duties of the tax bearer on calculation of taxable base and granting in electronic form of tax declarations (advance calculations) in the process established by corresponding chapter of the Tax Code of the Russian Federation under the following taxes:

Under the ground tax - regarding the ground areas considered in the branch;

Under the tax to incomes of physical persons (the tax agent) and the uniform social tax - regarding the payments to workers made by branch and its structural division;

Under the transport tax - regarding the vehicles registered on the location of branches and their structural divisions;

Under the tax to mining operations;

Under the water tax;

3.3. Payment of tax payments in budgets and off-budget funds is made:

On payments of branch and its structural divisions - branch;

On payments of the executive device - the executive device;

Under the centralised taxes - the executive device.

4. The process of interaction with tax bodies

4.1. OJSC "Moscow United Electric Grid Company" carries out execution of the rights and duties of the tax bearer (the tax agent) through interaction with tax bodies which perform the control of correctness and timeliness of payment of taxes and reporting granting, and also perform other functions according to the Tax Code of the Russian Federation.

4.2. A responsible branch is appointed for conducting operative work with the local tax bodies under the order of OJSC "Moscow United Electric Grid Company" in each Inspection of the Federal Tax Service of Moscow, the Moscow Region and other regions of Russia.

4.3. Granting in tax body of data that is a tax secret is made only according to the order on disclosing of such information established in OJSC "Moscow United Electric Grid Company" . With tax bodies those experts of OJSC "Moscow United Electric Grid Company" at whom the conferred powers are fixed in duty regulations and only within the competence can co-operate only.

5. The process of verification with tax bodies of data under the paid and added taxes

5.1. Verification of calculations with budgets is carried out in the process defined by order the Federal Tax Service of Russia as of 9 September, 2005, No. SAE-3-01/444 "On approval of regulations of organisation of work with tax bearers, payers of gathering, insurance payments on obligatory pension insurance and tax agents".

5.2. Verification of calculations with budgets is spent quarterly to the terms defined by the order of OJSC "Moscow United Electric Grid Company". Under the centralised taxes the responsible branch represents originals of certificates of verifications to tax sector of the executive device. Under branch taxes x-copies of certificates of verifications are represented to tax sector of the executive device, originals are stored in the branch.

6. The process of sending of inquiries in tax bodies concerning application of the legislation on taxes and tax collections

6.1. According to article 21 the Tax Code of the Russian Federation, OJSC "Moscow United Electric Grid Company" has the right to receive from tax bodies written explanations concerning application of the legislation on taxes and tax collections. For reception of such explanation OJSC "Moscow United Electric Grid Company" sends to the local tax body the corresponding inquiry in writing.

6.2. Questions on application of the legislation on taxes and tax collections go chief accountants of branches or the employees appointed by them to the accounts department of the executive device of OJSC "Moscow United Electric Grid Company". The accounts department of the executive device, proceeding from the necessity of observance of the uniform approach to questions of the taxation and tax accounting in OJSC "Moscow United Electric Grid Company" as a whole, answers the given question in written form. If its is impossible to formulate proceeding from requirements of tax laws an unequivocally treated answer, the accounts department of the executive device of OJSC "Moscow United Electric Grid Company" (if necessary with participation of experts of the legal division) prepares the letter of inquiry for the tax body.

6.3. At a direction of inquiries in tax bodies concerning application of the legislation on taxes and tax collections the following order is observed. In Inspection of the Federal Tax Service in a place of registration of

OJSC "Moscow United Electric Grid Company" (the executive device) inquiries on all questions demanding the decision within the limits of OJSC "Moscow United Electric Grid Company" go. In Inspection of the Federal Tax Service in a place of the account of the isolated divisions on the questions mentioning the process of calculation of taxes, subject to transfer inquiries can go to the given tax body (for example, local taxes and tax collections).

6.4. Originals of inquiries in tax bodies and their answers are stored in accounts department of the executive device of OJSC "Moscow United Electric Grid Company" or the branch. The chief accountant of the branch should provide delivery of copies of all inquiries and answers made in the local Inspection of the Federal Tax Service where the branch is registered, in accounts department of the executive device.

7. Storage of documents of tax accounting

7.1. Documents of tax accounting are understood as tax declarations, payment commissions on transfer of taxes, calculation of tax base, tax registers, and also primary documents of book keeping.

7.2. Originals of primary documents are stored when due hereunder in accounts department of the executive device or branch accordingly.

7.3. Responsibility for safety of documents of tax accounting is defined by the order of the head of branch of OJSC "Moscow United Electric Grid Company".

Tax accounting of economic operations for profit tax calculation

8. General provisions

8.1. OJSC "Moscow United Electric Grid Company" established the uniform system of organisation, ways and forms of conducting tax accounting for the profit tax of the organisations on the basis of Chapter 25 the Tax Code of the Russian Federation and the present Regulation.

8.2. OJSC "Moscow United Electric Grid Company" estimates tax base following the results of each accounting (tax) period on the basis of data of tax accounting if Chapter 25 the Tax Code of the Russian Federation provides the process of grouping and the account of objects and economic operations for the taxation, distinct from the process of grouping and reflection in the book keeping, the book keeping established by rules and the accounting registration policy.

8.3. OJSC "Moscow United Electric Grid Company" supposes specification and expansion of principles, the process and forms of conducting tax accounting, stated in the present Regulation, during the tax period by means of introduction of additional analytics, registers and principles of generalisation of the information, principles promoting more correct disclosing and the process of formation of tax base.

8.4. Primary documents for tax accounting are primary documents (including the inquiry of the bookkeeper) of book keeping, tax registers and calculation of tax base serve.

8.5. The basis of the tax accounting and calculation of taxable base are the data containing in book keeping. The part of the data containing in book keeping can be used directly for calculation of the tax base without any updatings. It concerns incomes and expenses which are equally considered for book keeping and tax accounting.

The part of the data containing on the accounts of the synthetic account can be used for calculation of the tax base only after this information receives more details and becomes isolated from the data of the synthetic account.

8.6. Forms of registers of tax accounting, financial accounting and other inquiries used at calculation of the profit tax are developed and approved when due hereunder. Registers of tax accounting can be conducted in the form of special forms on paper carriers, in electronic form and (or) any machine carriers.

9. Method of accounting of incomes and expenses of OJSC "Moscow United Electric Grid Company"

9.1. OJSC "Moscow United Electric Grid Company" estimates incomes and expenses for the taxation on the charge method. According to this method incomes (expenses) admit that accounting period in which they actually took place, irrespective of actual receipt (expense) of money resources.

9.2. The order of the account and the moment of recognition of separate types of income (expenses) are specified in separate points of the present Regulation.

10. General procedure of definition of incomes

10.1. The incomes of OJSC "Moscow United Electric Grid Company" considered at taxation are defined on the basis of primary documents and data of tax accounting which is conducted according to the present Regulation; not only primary registration documents, but also other documents, such as civil-law contracts, serve as documentary acknowledgement of the received incomes quotations of exchange rates of the Central Bank of the Russian Federation and the Moscow Interbank Stock Exchange, other documents confirming the income, (the basis of items 2, item 1, item 248 of the Tax Code of the Russian Federation);

10.2. With a view of profit tax calculation all incomes of OJSC "Moscow United Electric Grid Company" are divided into two groups:

Incomes of execution;

outstanding incomes.

10.3. At definition of incomes the sums of taxes shown according to the Tax Code of the Russian Federation of OJSC "Moscow United Electric Grid Company" are taken from them to the buyer (purchaser) of the goods (works, services, property rights).

10.4. Incomes admit that accounting (tax) period in which they took place, irrespective of the actual receipt of money resources, other property (works, services) and (or) property rights.

10.5. Under the incomes referred to several accounting (tax) periods, and in case if communication between incomes and expenses cannot be defined accurately or is defined by an indirect route, incomes are distributed OJSC "Moscow United Electric Grid Company" independently, with observance of the principle of uniformity of recognition of incomes and expenses. Under incomes of joining the date of reception of the income will be the date of signing of the certificate of the executed works on joining (the letter of the Ministry of Finance of Russia 03-03-04/1/674 as of 28 September, 2006).

10.6. For incomes of execution the date of reception of the income is the date of execution of the goods (works, services, property rights) defined according to point 1 of article 39 of the Tax Code of the Russian Federation (date of transition of the property right), irrespective of the actual receipt of money resources (other property (works, services) and (or) property rights) in their payment. At execution of the goods (works, services)

under the commission contract (the agency contract) of OJSC "Moscow United Electric Grid Company", representing itself as the committent (principal), the date of reception of the income of execution is the date of execution of the property (property rights) belonging to the committent (principal) specified in the notice of the commission agent (agent) on execution and (or) the report of the commission agent (agent).

10.7. The date of reception of outstanding incomes is established in the order specified in point 4 of article 271 of the Tax Code of the Russian Federation.

10.8 Incomes of execution are defined by activity kinds: in case for the given kind of activity other order of the taxation is provided, other rate of the tax is applied, or the order of the account of profit distinct from general and the loss received from the given kind of activity is provided.

10.9. For the taxation incomes of execution of the fixed assets and other property (except for securities the income of which execution is defined in the process established in the Tax Code of the Russian Federation) the Russian Federations are considered on the basis of the data of the book keeping taking into account positions of item 40 of the Tax Code.

10.10. Sum differences arise in case the sum of the arisen obligations and the requirements estimated under the agreement reached by the parties to the course of conditional monetary units for the date of sale of the goods (works, services), property rights, mismatches the actually arrived (paid) sum of roubles.

The sum difference is an income:

At sale of the goods (works, services), property rights - for the date of repayment of the accounts payable for the issued goods (works, services), property rights, and in case of the advance payment - for the date of execution of the goods (works, services), property rights;

At purchase of the goods (works, services), property rights - for the date of repayment of creditor debts for the got goods (works, services), property, property or other rights, and in case of the advance payment - for the date of acquisition of the goods (works, services), property, property or other rights.

Sum differences in tax accounting are set out in the structure of outstanding incomes.

11. General process of definition of expenses

11.1. The expenses of OJSC "Moscow United Electric Grid Company" are defined on the basis of primary documents and data of tax accounting which are conducted according to the present Regulation.

11.2. At definition of expenses which reduce the incomes of OJSC "Moscow United Electric Grid Company", their documentary acknowledgement and economic validity are checked.

11.3. Documentary approved expenses are understood as the expenses approved with primary documents, issued according to the legislation of the Russian Federation.

Primary documents should contain the following obligatory requisites:

- a) The document name;
- b) Date of drawing up of the document;
- c) name of the organisation from which name the document is made;
- d) The maintenance of economic operation;

e) Measuring instruments of economic operation in natural and monetary expression;

f) The name of posts of the persons responsible for fulfilment of economic operation and correctness of its registration;

g) Personal signatures of the specified persons.

The documentary acknowledgement of the made expenses are the primary registration documents issued not only according to the legislation of the Russian Federation, but also according to the documents issued according to the customs of the business turn applied in the foreign state where the expenses were made and (or) the documents indirectly confirming the made expenses (including as the customs declaration, the order on business trip, travel papers, the report on the executed work according to the contract) (item 1 basis, item 252 of the Tax Code of the Russian Federation);

The branches applying in addition the internal forms of primary registration documents, approve them in the order of the head of branch. The given forms are without fail coordinated with the chief accountant of OJSC "Moscow United Electric Grid Company".

11.4. The expenses of OJSC "Moscow United Electric Grid Company", except for the expenses which are not considered with a view of the taxation according to item 270 of the Tax Code of the Russian Federation are subdivided into:

The expenses connected with manufacture and execution;

Expenses on trading operations;

Expenses on execution of the activity connected with the use of objects of productions of services and economy according to item 275.1 of the RF Tax Code;

outstanding expenses.

11.5. Expenses on manufacture and execution which has been carried out during the accounting (tax) period are subdivided into:

direct expenses;

indirect expenses.

11.5.1. For tax accounting direct costs are equated to expenses which are considered on account 20 "Main production", 23 "Auxiliary production", 25 "General production expenses" , and they form the book keeping cost price. The direct costs concerning a specific kind of activity (including expenses on payment of the employees occupied in a specific kind of activity, amortisation of the fixed capital used in a specific kind of activity) with a view of tax accounting are included in the expenses by corresponding kinds of activity in the process accepted by OJSC "Moscow United Electric Grid Company" for book keeping of such expenses.

11.5.2. Direct costs at execution of the wholesale and retail trade concern:

- Cost of the purchased goods sold in the accounting (tax) period;

- Transport expenses on delivery of the purchased goods to the warehouse of OJSC "Moscow United Electric Grid Company" (branches), in case if these expenses are not included in the price of acquisition of these goods on conditions of contracts.

The sum of direct costs on delivery (transport expenses) are distributed between the sold goods on the rests of the unsold goods which pays off on average percent which is defined as the relation of the sum of direct costs to the cost of the goods. The sum of the direct costs concerning the rest of the unsold goods, is defined as product of average percent and cost of the goods on the end of month (the basis: item 320 the Tax Code of the Russian Federation).

11.5.3. All other sums of expenses on production and execution concern indirect expenses minus outstanding expenses and expenses that are not considered with a view of the taxation according to article 270 of the Tax Code of the Russian Federation.

11.6. The outstanding expenses include proved expenses for execution of the activity which directly has been not connected with production and execution. The outstanding expenses are formed according to article 265 of the Tax Code of the Russian Federation.

11.7. The structure of the expenses which are not considered with a view of the taxation is formed according to article 270 of the Tax Code of the Russian Federation.

11.8 Expenses accepted for the taxation taking into account positions of Chapter 25 of the Tax Code of the Russian Federation, admit those that accounting (tax) period which they concern, irrespective of the time of actual payment of money resources and (or) other form of their payment.

11.9. In case if treaty provisions provide reception of incomes during more than one accounting period and stage-by-stage delivery of the goods is not provided (works, services), expenses are distributed by OJSC "Moscow United Electric Grid Company" independently taking into account the principle of uniformity of recognition of incomes and expenses.

11.10. The dates of recognition of specific kinds of expenses are accepted in the process established by article 272 of the Tax Code of the Russian Federation. Expenses connected with acquisition of software products and databases are distributed between the corresponding quantity of the accounting (tax) periods proceeding from conditions of contracts. If treaty provisions do not connect occurrence of expenses with specific accounting (tax) periods expenses are written off in the process established for book keeping, i.e. in regular intervals proceeding from term of useful use of this property defined by constantly operating commission by definition of terms of useful use of the software;

11.11. Expenses (expenses) with a view of tax accounting are formed in the actual place of execution of expenses: the executive device and in the branches of OJSC "Moscow United Electric Grid Company".

11.12. Taking into account that OJSC "Moscow United Electric Grid Company" forms taxable base with the identical tax rate, expenses which cannot be directly carried on expenses by a specific kind of activity are distributed proportionally to the share of expenses on payment in the total volume of all expenses on payment of the personnel of the given branch of OJSC "Moscow United Electric Grid Company".

11.13. The activity connected with the use of objects of productions of services and economy of OJSC "Moscow United Electric Grid Company" considers as activity of the isolated divisions according to the requirements of article 275 of the Tax Code of the Russian Federation and defines the tax base on the specified activity separately from the tax base by other kinds of activity.

11.14. The sum of direct costs for production and execution carried out in the accounting (tax) period, concerns expenses of the current accounting (tax) period, except for the sums of the direct costs distributed for the rests of the work in progress, finished goods in the warehouse and the products that were shipped, but sold in the accounting (tax) period in the process established by article 319 of the Tax Code of the Russian Federation.

The work in progress with a view of tax accounting are semi-finished products (works, services), i.e. products that did not undergo the processing (manufacturing) provided in the technological process. The work in progress includes works and services that were finished, but were not accepted by the customer. The rests of outstanding orders of manufactures and the rests of half-finished products of own production concern the work in progress also. Materials and the half-finished products which are in production are referred to the work in progress provided that they were exposed to processing.

By the form activity "Transfer and distribution of electric energy" the work in progress is absent, since transfer of electric energy in one stage coincides on time with its execution.

By other kinds of activity the work in progress estimation is made on direct costs.

The sum of direct costs is distributed on the remainder of the work in progress in the share calculated as the relation of the gain of the work in progress regarding direct costs for the accounting (tax) period according to the book keeping to direct costs of the current (tax) period according to the book keeping.

By the kinds of activity connected with rendering of services, the work in progress is absent, since all direct costs are in full written off on reduction of incomes of the accounting (tax) period.

The estimation of the rests of finished goods in a warehouse is defined as a difference between the sum of the actor cost falling to the rests of finished goods at the beginning of current month increased by the sum of the factor cost, falling to output current month (minus the sum of the factor cost falling to the rest of the work in progress) and the sum of the factor cost for the shipped products in the current month.

During the registration period (month is accepted as a registration period) finished goods are sent to the warehouse and from the warehouse in quantitative expression.

The cost of the finished goods that were sent from the warehouse during the registration period is defined at the closing of month.

The cost of the finished goods sent to the warehouse is defined as a difference between the sum of the direct costs which have been carried out in the current month and the sum of direct costs concerning the remainder of the work in progress.

At definition of the amount of the factor cost falling to production shipped in the current month, the method of estimation of finished goods at an average cost was applied.

11.15. The sum of indirect expenses on production and execution carried out in the accounting (tax) period in full concerns expenses of the current accounting (tax) period taking into account the requirements provided in the Tax Code of the Russian Federation.

11.16. The expenses included in expenses are considered according to the present Regulation taking into account limit rates and the specifications established in the Tax Code of the Russian Federation for separate articles of expenses or limit rates established by OJSC "Moscow United Electric Grid Company".

11.17. Definition of expenses on trading operations (distribution costs) is made in the process established in article 320 of the Tax Code of the Russian Federation.

11.18. Expenses in the sum difference arising in the event that the sum of arisen obligations and requirements estimated on the course of standard monetary units established by the agreement of the parties on the date of sale of the goods (works, services), property rights mismatches actually the received (paid) sum of roubles, it is set out in the structure of outstanding expenses.

Sum difference admits the expense:

At sale of the goods (works, services), property rights - for the date of repayment of accounts receivable for the sold goods (works, services), property rights, and in case of the advance payment - for the date of sale of the goods (works, services), property rights;

At purchase of the goods (works, services), property rights - for the date of repayment of accounts payable for the purchased goods (works, services), property, property or other rights, and in case of the advance payment - for the date of acquisition of the goods (works, services), property, property rights, etc.

11.19. Percentage expenses under promissory notes are included in the structure of outstanding expenses without dependence from character of the given credit or a loan (flowing and/or investment).

Under contracts of loan and other similar contracts (to other promissory notes, including securities) which period of validity should be more than one accounting period, the expense is considered to be carried out and is included in then structure of corresponding expenses at the end of the corresponding accounting period.

The limiting size of the percent recognised as the expense is accepted as equal to the rate of refinancing of the Central bank of the Russian Federation increased 1.1 times, - at promissory note registration in rubles and, to equal 15 percent, - under promissory notes in the foreign currency. The above-stated order is applied also to percent in the form of discount which is formed at the drawer as a difference between the price of return purchase (repayment) and by bill sale.

The percent added to the creditor over the sums accepted to the expense are not considered for the goals of taxation.

12. the process of the account and a recognition of material expenses

12.1. Cost of raw materials and materials is defined proceeding from the prices of their acquisition (without the sums of the taxes which are subject to deduction, or included in expenses according to the Tax Code of the Russian Federation), including the commissions paid to the intermediary organisations, the import customs duties and gathering, expenses on transportation and other expenses connected with acquisition of raw materials and materials.

12.2. The cost of raw materials and materials does not include:

Expenses in the form of percent on the promissory notes of any kind taken for the purpose of acquisition of raw materials;

Expenses in the form of a sum difference arising in the event that the sum of arisen obligations and requirements estimated under the course of standard monetary units established by the agreement of the parties for the date of bringing on charge of raw materials and goods, mismatches the actually paid sum in roubles.

The expenses specified in the present point are included in the structure of outstanding expenses.

12.3. The cost of raw materials, goods, spare parts, accessories, semi-finished products and other material assets of own production and also the cost of results of works or the services of own production included in the structure of material expenses is defined as finished goods cost in the process established in article 319 of the Tax Code of the Russian Federation.

12.4. At definition of the size of material expenses at write-off of raw materials and the materials used by production (manufacturing) of the goods (performance of works, rendering of services), the estimation method under the average cost price is applied.

13. The process of write-off of the cost of the purchased goods

13.1. The cost of the goods is defined proceeding from the prices of their acquisition (without the sums of the taxes which are subject to deduction, or included in expenses according to the Tax Code of the Russian Federation), including the commissions paid to the intermediary organisations, the import customs duties and gathering, expenses on transportation and other expenses connected with acquisition of the goods.

13.2. The cost of the goods does not include:

Expenses in the form of percent on the promissory notes of any kind taken for the purpose of acquisition of the goods;

Expenses in the form of a sum difference arising if the sum of arisen obligations and requirements estimated under the course of standard monetary units established by the parties for the date of bringing of charge of the goods mismatches the actually paid sum in roubles.

The expenses specified in the present point are included in the structure of outstanding expenses.

13.3. At execution of the goods, incomes of execution decrease by the cost of acquisition of the given goods, defined according to the cost of the first on time of acquisition of purchases (the FIFO method).

14. The process of write-off of the cost of securities

14.1. The cost of securities is defined proceeding from the prices of their acquisition, including expenses on their acquisition.

14.2. Expenses at sale (or other write-off) of securities are defined proceeding from the cost of securities, expenses for their execution, the sum of the saved up interest (coupon) income paid by OJSC "Moscow United Electric Grid Company" to the seller of the security. Thus, the expense does not join the sums of the saved up interest (coupon) income earlier considered at the taxation.

14.3. At execution or other write-off of securities the cost of the left securities which are written off on the expenses is defined at a unit cost.

15. The process of the account and recognition of expenses on payment

15.1. Expenses on payment include all charges to the employees of OJSC "Moscow United Electric Grid Company" that refer to the positions of item 255 of the Tax Code of the Russian Federation and provided by orders and other administrative documents of OJSC "Moscow Regional Electric Grid Company" accepted according to them in the branches and in the executive device, and also collective and labour contracts.

15.2. Expenses on payment are also included in the expenses on payment of the employees who are not consisting in the staff of the organisation, for performance of works under contracts of civil-law character.

15.3. As a part of expenses on payment, recognised for the taxation, expenses named in item 270 of the Tax Code of the Russian Federation are not considered.

15.4. For the taxation expenses on payment are considered monthly, proceeding from the sum of the added expenses on payment for the given period.

16. The process of accounting and recognition of depreciation charges

16.1. Estimation of the fixed assets and non-material assets.

16.1.1. Initial cost of the fixed assets is defined as the sum of expenses on their acquisition, construction, manufacturing, delivery and bringing to the condition in which it is suitable for use, except for the tax to the added cost and excises (item 1 of section 257 of the Tax Code of the Russian Federation.).

16.1.2. Initial cost of gratuitously received fixed assets is defined proceeding from the estimation of such property according to item 8 of item 250 of the Tax Code of the Russian Federation.

16.1.3. At the use by OJSC "Moscow United Electric Grid Company" of objects of the fixed assets of own production the initial cost of such objects is defined as the cost of finished goods estimated according to item 2 of item 319 of the Tax Code of the Russian Federation.

16.1.4. The initial cost of the fixed assets changes in cases of completion, additional equipment, reconstruction, modernisation, partial liquidation of corresponding objects and on other similar bases.

16.1.5. The initial cost of depreciable non-material assets is defined as the sum of expenses on their acquisition (creation) and their bringing to the condition in which they are suitable for use, except for the sums of the taxes considered as a part of expenses according to the Tax Code of the Russian Federation.

16.1.6. The fixed assets received by restructuring in the form of spinning-off are accepted to the account at residual cost which is defined according to the tax accounting of the transferring party for the date of restructuring.

16.1.7. Cost of the non-material assets created by OJSC "Moscow United Electric Grid Company" is defined as the sum of actual expenses on their creation, manufacturing (including material expenses, expenses on payment, expenses on services of foreign organisations, patent fees connected with reception of patents, certificates), except for the sums of the taxes considered as a part of expenses according to the Tax Code of the Russian Federation.

16.2. Structure of the depreciable property.

16.2.1. Depreciable property of OJSC "Moscow United Electric Grid Company" with a view of tax accounting is considered to be the property which simultaneously satisfies the following conditions:

The term of its useful use is more than 12 months, and its initial cost is more than 10 000 roubles;

the property is stored by the OJSC "Moscow United Electric Grid Company" under the property right or is considered on the balance sheet of OJSC "Moscow United Electric Grid Company" on the basis of the leasing contract;

the property is used by OJSC "Moscow United Electric Grid Company" for income extraction;

the cost of the property is repaid by depreciation charge.

Depreciable property is also capital investments in the objects of the fixed assets given in rent in the form of permanent improvements made with the consent of the lessor (item 1, article 256 of the Tax Code of the Russian Federation).

16.2.2. The fixed assets, the rights on which are subject to the state registration according to the legislation of the Russian Federation, join in structure of corresponding depreciation group from the date of documentary approved fact of giving of documents on registration of the specified rights.

16.2.3. The following are not subject to depreciation:

The earth and other objects of wildlife management (water, bowels and other natural resources);

Financial and industrial stocks;

goods;

Objects of incomplete capital construction;

Securities;

Financial tools of urgent transactions.

16.2.4. The following kinds of property are not subject to depreciation:

a) The property purchased (created) with the use of budgetary funds of target financing (except for the property received at privatisation);

b) Objects of external accomplishment (including objects of the road economy that were constructed with attraction of sources of budgetary or other similar target financing) and other similar objects;

c) Productive cattle (except for the working cattle);

d) purchased editions (books, brochures, etc.), works of art;

e) The property received within the limits of target financing;

f) Acquired rights to the results of intellectual activity and other objects of intellectual property, if under the contract on acquisition of the specified rights the payment was to be made in regular intervals during the term of validity of the specified contract.

16.2.5. The following fixed assets are excluded from the structure of depreciable property:

fixed assets transferred (received) under contracts in gratuitous use;

fixed assets transferred under the decision of the management of OJSC "Moscow United Electric Grid Company" on preservation by duration of over three months;

fixed assets that are under the decision of the management of OJSC "Moscow United Electric Grid Company" on reconstruction and modernisation for over 12 months.

16.2.6. The branches of OJSC "Moscow United Electric Grid Company" where objects of the fixed capital are transferred on preservation for over three months or are deduced on reconstruction for over 12 months, prior to the beginning of transfer into preservation or conclusion in reconstruction prepare and give in the executive device signed by the director of the branch the project of the decision of the management of OJSC "Moscow United Electric Grid Company" about transfer into preservation or reconstruction of the corresponding object of the fixed assets.

16.2.7. Since the first date of the month next to the month when the specified transaction occurred, the accrued depreciation is not made for the fixed assets transferred in gratuitous using. A similar procedure is applied for the fixed assets transferred under the decision of the management of OJSC "Moscow United Electric Grid Company" on preservation by duration of over three months, and also on the fixed assets which are under the decision of the management of OJSC "Moscow United Electric Grid Company" for reconstruction, modernisations and modernisation for over 12 months.

Upon termination of the period of validity of the contract of gratuitous use and return of the fixed assets and also at demothballing or the reconstruction termination, depreciation is charged in the order established by Chapter 25 of the Tax Code of the Russian Federation, since the first date after the month when the fixed assets of OJSC "Moscow United Electric Grid Company" were returned, the termination of reconstruction or demothballing of the fixed assets.

At demothballing of the object of the fixed assets the term of useful use lasts for finding of object of the fixed assets on preservation.

16.2.8. Tax accounting of the expenses connected with creation of objects of depreciable property is conducted in the book keeping system. With a view of taxation the company provides a separate account of the expenses included in the initial cost of objects of depreciable property both in the financial and tax accounting and the expenses which are not included in the initial cost of objects of depreciable property by rules of tax accounting .

16.2.9. The fixed assets are the part of the property used as the means of labour for production and execution of goods (performance of works, rendering of services) or for the management of OJSC "Moscow United Electric Grid Company".

16.3. Depreciation of the fixed assets.

16.3.1. Terms of useful use of objects of the fixed assets

The Russian Federations and governmental order of the Russian Federation No.1 as of 1 January, 2002, "On classification of the fixed assets included in depreciation groups" are defined according to positions of article 258 of the Tax Code.

16.3.2. The fixed assets the rights on which are subject to state registration according to the legislation of the Russian Federation are included in the structure of corresponding depreciation group from the date of documentary approved fact of giving of documents on registration of the specified rights.

16.3.3. OJSC "Moscow United Electric Grid Company" has the right to increase the term of useful use of the object of the fixed assets after the date of its input in operation in case if after reconstruction or modernisation of this object the term of its useful use increased. Thus, the increase in the term of useful use of the fixed assets can be carried out within the terms established for that depreciation group in which this fixed assets was included earlier.

16.3.4. Depreciation of the fixed assets is charged by a linear method.

16.3.5. For cars and passenger minibuses that have the initial cost of accordingly more than 300 thousand of roubles and 400 thousand of roubles, the main norm of depreciation is applied with special factor 0.5.

16.3.6. In the relation of the depreciable fixed assets used for work in the conditions of aggressive environment and (or) heightened work in shifts, to the main norm of depreciation the special factor is applied which affirms the order of the head of branch on each object of the fixed assets (not above 2).

16.3.7. The special factor 3 is applied for depreciable fixed assets which are the subject of the contract of financial rent (lease contract) and are considered on the balance sheet of OJSC "Moscow United Electric Grid Company", to the main norm of depreciation.

16.3.8. The sum of depreciation for the taxation is defined monthly in the process established by item 259 and item 322 of the Tax Code of the Russian Federation. Depreciation is charged separately on each object of the fixed assets.

At charge of the sum of depreciation by a linear method to include in the structure of expenses of the accounting (tax) period expenses on capital investments in the amount of 10 percent of the initial cost of the fixed assets (except for the fixed assets received gratuitously) and (or) the expenses suffered in cases of completion, additional equipment, modernisation, technical equipment, partial liquidation of the fixed assets which sums are defined according to article 257 of the Tax Code of the Russian Federation (item 1.1 of article 259 of the Tax Code of the Russian Federation).

16.3.9. Depreciation charge on objects of the fixed assets again placed in operation begins on the first date following after the month when the following conditions were observed:

Objects are placed in operation;

the fact of transfer to documents for registration was registered in documents for the objects that are subject to state registration under the legislation of the Russian Federation.

Depreciation charge on the object of the fixed assets stops on the first date following after the month when there was a full write-off of the cost of this object or when the given object left the structure of the fixed assets of OJSC "Moscow United Electric Grid Company" on any bases.

16.3.10 In case of acquisition of objects of the fixed assets which were in the use, the norm of depreciation on this property is defined taking into account the term of the useful use reduced by quantity of years (months) of operation of the given property by the previous proprietors. If the term of the actual use of the given fixed assets at the previous proprietors appears equal or exceeding the term of its useful use approved according to the administrative documents of OJSC "Moscow United Electric Grid Company" on the basis of governmental order of the Russian Federation No.1 as of 1 January, 2002, "On classification of the fixed assets included in depreciation groups", additional term of use of this fixed assets is defined taking into account requirements of safety precautions and other factors by technical commission of the corresponding branch of OJSC "Moscow United Electric Grid Company" and is approved in the order of the head of the branch.

16.3.11. Depreciation for the fixed assets received during the restructuring in the form of spinning-off is accrued proceeding from the term of the useful use that is defined on the basis of the information of the tax accounting of the transmitting party on the date of the restructuring.

16.3.12. Depreciation charge for depreciable property in the form of capital investments in the objects of the rented fixed assets which is subject to depreciation is made as follows:

1) for the lessor it begins from the first date following after the month when this property was placed in operation, but not earlier than on the month when the lessor made compensation to the tenant of cost of the specified capital investments;

2) for the lessee it begins from the first date following after the month when this property was placed in operation (item 2 of article 259 of the Tax Code of the Russian Federation).

16.4. Depreciation of immaterial assets.

16.4.1. Definition of the term of useful use of object of immaterial assets is made proceeding from the period of validity of the patent, the certificate and (or) from other restrictions of the terms of use of objects of intellectual property according to the legislation of the Russian Federation or the applicable legislation of the foreign state, and also proceeding from the useful term of use of immaterial assets caused by corresponding contracts. The norms of depreciation are set for ten years for immaterial assets for which it is impossible to define the term of useful use of the object of immaterial assets.

16.4.2. Depreciation of immaterial assets is charged by a linear method proceeding from the norms estimated on the basis of the target dates of useful use.

16.4.3. The sum of depreciation for taxation is defined monthly in the process established by article 259 of the Tax Code of the Russian Federation. Depreciation is charged separately for each object of immaterial assets. Depreciation charge for objects of immaterial assets begins on the first date following after the month in which this object was placed in operation. Depreciation charge for objects of immaterial assets stops on the first date following after the month when there was a full write-off of cost of such object or when the given object left the structure of the immaterial assets of OJSC "Moscow United Electric Grid Company" on any bases.

16.5. Execution and write-off of depreciable property.

16.5.1. The profit (loss) on execution or leaving of depreciable property is defined on the basis of the analytical account on each object for the date of recognition of the income (expense). The account of incomes and expenses on depreciable property is made separately for each object.

16.5.2. The profit received as a result of execution of depreciable property is included in the structure of tax base in that accounting period in which the property was sold.

16.5.3. The loss received as a result of execution of depreciable property is set out in the analytical account as miscellaneous costs. The received loss is included in the structure of miscellaneous costs equal to shares during the term defined as a difference between the term of useful use of this property and the actual term of its operation till the moment of execution.

16.5.4. The sums of depreciation of the fixed assets at their liquidation that were not accrued in the full amount shall be referred to outstanding expenses.

17. The process of estimation of the remains of the work in progress, finished goods and shipped goods

17.1. The estimation of the remains of the work in progress by activity kinds, except for the main activity (electric power transfer), finished goods in the warehouse, goods shipped without property right to transition is made on the basis of the given primary documents and information on the tax accounting on the sum of the made direct spending.

17.2. The sum of direct costs is distributed between the remains of the work in progress by activity kinds, except for the main activity (electric power transfer) proportionally to the share of incomplete orders for performance of works (rendering of services) in the total amount of orders carried out in the accounting period on performance of works (rendering of services).

17.3. The sum of the remains of the work in progress at the end of the accounting period is included in the structure of material expenses of the following period.

16.5. Execution and write-off of depreciable property.

16.5.1. The profit (loss) on execution or leaving of depreciable property is defined on the basis of the analytical account on each object for the date of recognition of the income (expense). The account of incomes and expenses on depreciable property is made separately for each object.

16.5.2. The profit received as a result of execution of depreciable property is included in the structure of tax base in that accounting period in which the property was sold.

16.5.3. The loss received as a result of execution of depreciable property is set out in the analytical account as miscellaneous costs. The received loss is included in the structure of miscellaneous costs equal to shares during the term defined as a difference between the term of useful use of this property and the actual term of its operation till

the moment of execution.

16.5.4. The sums of depreciation of the fixed assets at their liquidation that were not accrued in the full amount shall be referred to outstanding expenses.

17. The process of estimation of the remains of the work in progress, finished goods and shipped goods

17.1. The estimation of the remains of the work in progress by activity kinds, except for the main activity (electric power transfer), finished goods in the warehouse, goods shipped without property right to transition is made on the basis of the given primary documents and information on the tax accounting on the sum of the made direct spending.

17.2. The sum of direct costs is distributed between the remains of the work in progress by activity kinds, except for the main activity (electric power transfer) proportionally to the share of incomplete orders for performance of works (rendering of services) in the total amount of orders carried out in the accounting period on performance of works (rendering of services).

17.3. The sum of the remains of the work in progress at the end of the accounting period is included in the structure of material expenses of the following period.

18. The account of incomes and expenses of productions of services and economy

OJSC "Moscow United Electric Grid Company" considers the activity connected with the use of objects of servicing enterprises as activity of isolated divisions according to the requirements of article 275 of the Tax Code of the Russian Federation and defines the tax base on the specified activity separately from the tax base by other kinds of activity.

19. Creation and use of reserves

19.1. Reserve for doubtful debts.

19.1.1. In order to cover losses under bad debts by results of the inventory spent on the basis of the results of inventory of accounts receivable carried out by OJSC "Moscow United Electric Grid Company" at the end of the previous accounting (tax) period, the company creates reserves on doubtful debts in the process established in article 266 of the Tax Code of the Russian Federation.

The doubtful debt is any debt to the tax bearer caused by the sale of goods, performance of works or rendering of services and in conformity with the terms stipulated in article 25 of the Tax Code of the Russian Federation (item 1 of article 266).

19.1.2. Reserves for doubtful debts may be used only for covering of hopeless debts, i.e. the debts to OJSC "Moscow United Electric Grid Company" with an expired limitation of actions, and also those debts for which, according to the civil legislation, the obligation was stopped owing to impossibility of its execution, on the basis of the certificate of the state body or liquidation of the organisation.

19.2. Reserve of forthcoming expenses on repair of the fixed assets. The reserve of the forthcoming expenses on repair of the fixed assets is not created.

Expenses on repair are considered for actual expenses.

20. The process of accounting of other indirect expenses connected with production and execution

Indirect expenses include expenses on research and development, expenses on voluntary both obligatory insurance of property and other expenses according to the Tax Code of the Russian Federation. The structure of the expenses included in specified articles of indirect expenses, is defined according to item 263 and item 272 the Tax Code of the Russian Federation and other statutory acts of the legislation of the Russian Federation about taxes and tax collections.

Expenses on capital investments in the amount of 10 percent of the initial cost of the fixed assets (except for the fixed assets received gratuitously) and (or) the expenses suffered in cases of completion, an additional equipment, modernisation, equipment, partial liquidation of the fixed assets, are included in the structure of miscellaneous costs of the accounting (tax) period (item 1 of article 259 of the Tax Code of the Russian Federation).

Expenses on the researches and development which have yielded positive result, are included in the structure of miscellaneous costs in regular intervals within two years. The expenses that did not have positive results are included in the structure of miscellaneous costs within three years (item 2 of article 262 of the Tax Code of the Russian Federation).

The following are miscellaneous costs:

1) the customs duties and the custom charges that are not connected with the purchased cost of the goods (subitems 1, item 1, article 264 of the Tax Code of the Russian Federation);

2) the services rendered by private security at bodies of the Ministry of Internal Affairs of Russia (article 264 of the Tax Code of the Russian Federation);

3) expenses under the maintenance of premises of public catering since the given expenses are not considered as a part of the expenses connected with the use of servicing enterprises under article 275.1 of the Tax Code of the Russian Federation) (subitem 48, item 1, article 264 of the Tax Code of the Russian Federation);

4) expenses on manufacturing of advertising brochures and catalogues containing the information on the goods sold by the organisation (item 4, article 264 of the Tax Code of the Russian Federation);

21. The process of accounting of incomes and expenses from property delivery in rent

Incomes of property delivery in rent are admitted for tax accounting incomes from sale. The expenses connected with delivery of corresponding property in rent are admitted for tax accounting of the expenses connected with production and sale (item 4 of article 250 of the Tax Code of the Russian Federation, and subitem 1, item 1, article 265 of the Tax Code of the Russian Federation).

22. The process of payment of the profit tax of the organisations

22.1. During the accounting (tax) period (quarter) of OJSC "Moscow United Electric Grid Company" pays monthly advance payments under the profit tax. Payment of monthly advance payments is made by equal shares in the amount of one third of actual quarter advance payment for the quarter previous to the quarter when monthly advance payment is made.

22.2. Payment of advance payments and the sums of the tax which are subject to transfer in budgets of constituent entities of the Russian Federation is made at the actual address of OJSC "Moscow United Electric Grid Company" and at the address of each isolated division. The sum of the tax to be paid to the budget of the constituent entity of the Russian Federation is determined proceeding from the share of income estimated from the set of indicators of isolated divisions located on the territory of the given constituent entity of the Russian Federation.

The share of the profit falling to these isolated divisions is defined as average arithmetic amount of relative density of average number of workers and relative density of average residual cost of depreciable property of OJSC "Moscow United Electric Grid Company" and the specified isolated divisions for the accounting (tax) period.

23 Value-added tax

Order of calculation, payment and granting of reporting

23.1. VAT payment in the federal budget is made on-line by the executive device of OJSC "Moscow United Electric Grid Company".

23.2. The moment of definition of the tax base under the VAT (except for conditions of execution provided by items. 3, 7 to 11, 13, 14 and 15 of article 167 of the Tax Code of the Russian Federation) to consider the earliest of the following dates:

1) day of shipment (transfer) of the goods (works, services), property rights;

2) day of payment, partial payment on account of forthcoming deliveries of the goods (performance of works, rendering of services), transfers of property rights.

In cases if the goods are not shipped and are not transported, but there is a transfer of the property right to these goods, such transfer of the property right with a view of VAT calculation is equated to its shipment (article 167 of the Tax Code of the Russian Federation).

The moment of definition of the tax base under the VAT at performance of civil and erection works for own consumption on the last day month of each tax period (article 167 of the Tax Code of the Russian Federation).

In case the moment of definition of the tax base is the day of payment, partial payment of the forthcoming deliveries of the goods (performance of works, rendering of services) or the day of transfer of property rights, then on the date of shipment of the goods (performance of works, rendering of services) or on the date of transfer of property rights on account of advance payment or partial payment is considered to be the moment of definition of the tax base (item 14 of article 167 of the Tax Code of the Russian Federation).

23.3. The tax period under the VAT is established equal to one month.

23.4. OJSC "Moscow United Electric Grid Company" provides conducting of a separate account of expenses for production and execution:

- The kinds of activity which are subject to taxation and not subject to taxation (released from taxation);
- Kinds of goods (works, services) for which various tax rates are applied.

23.5. The sums of the tax to the added cost paid at acquisition of the goods (works, services), used by the tax bearer in production and (or) sale of the assessed and free goods (works, services) are distributed proportionally to the costs of the shipped goods (works, services) subject to the taxation (not subject to the taxation) to the total cost of the shipped goods (works, services).

23.6. The sum of the tax corresponding to the relative density of the gain received from production and sale of the goods (works, services) not subject to the taxation is not deducted. The given Regulation is not applied for those tax periods in which the share of cumulative expenses on production of the goods (works, services) not subject to taxation does not exceed 5 percent (in cost expression) of the general amount of cumulative expenses on production of the goods (works, services). Thus, all sums of the tax shown by sellers of the specified goods (works, services) in this tax period are subject to deduction in the generally established order. The proportion specified is calculated for the Company as a whole, and not for each branch.

23.7. Information for the value-added tax from branches are set out in account 68 "Calculations with the budget" on the separate subaccount on the basis of letters of advice received from the corresponding branch together with the tax declaration. The sums in the letter of advice are specified in roubles and kopecks.

23.8. At definition of the sum of the tax paid at acquisition of the goods (works, services) the cost of which is referred to costs to be deducted and taxed at a zero rate, the interest share of the tax base at the zero rate is used:

execution of the goods under the rate of 0 % X Total sum of the VAT to deduction

Sale of the goods under all rates

23.9. The order of drawing up and registration of invoices, books of purchases, books of sales is regulated in the current legislation.

In case of rent of the state (municipal) property, OJSC "Moscow United Electric Grid Company" pays the income to a public authority (local government) and fulfils the duties of the tax agent under the tax to the added cost; it also makes for itself an invoice in one copy which remains at OJSC "Moscow United Electric Grid Company".

For the tax period (month) the company makes one invoice dated as of the last afternoon of the current month for the total sum of the rent listed in this month.

Registration of invoices in case of rent of the state (municipal) property is made in the generally established order taking into account the following features.

In the invoice on line 2 "Seller" the tax agent specifies the tax bearer from the incomes of which the value-added tax was taken, for example, the Department of property of Moscow. The tax agent does not fill column 5 of the tabular part of the invoice in which the cost of the goods (works, services) is set out exclusive of VAT. Thus, column 9 "Cost of the goods (works, services) total, taking into account the tax" contains the total sum of the income paid to the lessor of the state (municipal) property. Column 7 presents the settlement rate of the tax 18/118, and column 8, the amount of the withheld tax. In case of acquisition of the goods, works, services from the foreign organisations that do not have registered representation in the tax body on the territory of the Russian Federation, invoices are made in a similar way.

Log-books of the received and exposed invoices, books of purchases and books of sales are conducted by branches and have a through numbering with application of an index which corresponds to the branch code. Logbooks of registration of both given out and received invoices are stored in the branches. To form the uniform

logbook invoices, the uniform book of purchases and the book of sales, the branches represent for the accounting tax period to the accounts department of the executive device the total indicators of the above-named documents.

25 Tax to property of organisations

General provisions

25.1. Tax accounting by calculation of the tax to property of the organisations is carried out on-line on the basis of Chapter 30 of the Tax Code of the Russian Federation.

25.2. The object of the taxation is the movable and real estate considered on the balance sheet of OJSC "Moscow United Electric Grid Company" as objects of the fixed assets according to the established order of conducting of the book keeping.

25.3. The ground areas and other objects of wildlife management (water objects and other natural resources) are not considered to be objects of taxation.

25.4. In order to apply correctly privileges under the tax to property in the executive device of OJSC "Moscow United Electric Grid Company" and in the branches of OJSC "Moscow United Electric Grid Company", the company keeps a separate account of the property which is subject to licensing according to the current legislation under the tax to property of the organisations.

25.5. The structure of objects of property which is taken into consideration for reduction of the cost of property estimated for the taxation is defined according to article 381 of the Tax Code of the Russian Federation.

25.6. For calculation of the tax to property the branches of OJSC "Moscow United Electric Grid Company" represent calculations and lists of property which are taken into consideration for reduction of the cost of the property estimated for taxation, in the term specified in the document circulation schedule. The given calculations and lists are coordinated by corresponding divisions of the executive device:

The list of electricity transmission lines and buildings that are the integral technological part of the specified objects is coordinated with Deputy General Director for Distributive Networks and Deputy Chief Engineer for High-Voltage Electric Networks.

25.7. The tax to property of the organisations is distributed and paid in the budget at the address of OJSC "Moscow United Electric Grid Company", address of the branches or at the address of each object of immovable property beyond the premises of OJSC "Moscow United Electric Grid Company" or out of the premises of the branches according to articles 383, 384 and 385 of the Tax Code of the Russian Federation.

26. Uniform social tax

General provisions

26.1. The tax base for the uniform social tax is defined as the sum of payments and other compensations according to chapter 24 of the Tax Code of the Russian Federation.

26.2. Branches independently make calculation and payment of the uniform social tax separately concerning the federal budget, Federal fund of obligatory social insurance, Federal and territorial funds of obligatory medical insurance and present the tax declaration (calculation on advance payments of the uniform social tax) in the process provided by point 3.2 of the present Regulation.

26.3. The branches that include isolated divisions calculate and pay the uniform social tax for divisions at their actual address!

26.4. Payments and remuneration are not included in the tax base for calculation of the tax, if they are not referred to the expenses that reduce the tax base under the income tax of the organisations in the reporting (tax) period.

26.5. Calculation of the tax base for each physical person is made in the progressive total from the beginning of year. If during the tax period the physical person passes from one division of OJSC "Moscow United Electric Grid Company" in another, the tax rate is defined depending on the tax base calculated with regard of payments made in all divisions.

Chief accountant

L.A.Sklyarova

	APPENDIX 2 to the order of OJSC "Moscow United Electric Grid Company" As of December 29, 2006 No. 409-612
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REGULATION
on accounting policy of
OJSC "Moscow United Electric Grid Company"
For 2007

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Section 1. General provisions

The present Regulation determines the organization, for and ways of the accounting carrying out in OJSC “Moscow United Electric Grid Company” on the basis of active normative documents:

Federal law as of November 21, 1996 No.129-FL “On accounting”.

Regulation on carrying out of the accounting and the financial statement in the Russian Federation determined by the order of the Ministry of Finances of the Russian Federation as of July 29, 1998 No.34n;

Regulation on the accounting policy No. 1/98 “Accounting policy of the company”, approved by the order of the Ministry of Finance of the Russian Federation as of December 9, 1998 No.60 n.

Regulation on the accounting policy No. 2/94 “Account of agreements (contracts) for capita construction” approved by the order of the Ministry of Finance of the Russian Federation as of December 20, 1994 No.167.

Regulation on the accounting policy No. 3/2006 “Account of assets and liabilities which cost is expressed in foreign currency”, approved by the order of the Ministry of Finance of the Russian Federation as of November 27, 2006 No.154n.

Regulation on the accounting policy No. 4/99 “Financial statement of the company”, approved by the order of the Ministry of Finance of the Russian Federation as of July 6, 1999 No.43n;

Regulation on the accounting policy No. 5/01 “Account of inventories” approved by the order of the Ministry of Finance of the Russian Federation as of June 9, 2001 No.44n.

Regulation on the accounting policy No.6/01 “Fixed assets account”, approved by the order of the Ministry of Finance of the Russian Federation as of March 30, 2001 No.26n;

Regulation on the accounting policy No. 7/98 “Events after the reporting date” approved by the order of the Ministry of Finance of the Russian Federation as of November 25, 1998 No.56n;

Regulation on the accounting policy No. 8/01 “Conditional factors of the industrial activity” approved by the order of the Ministry of Finance of the Russian Federation as of November 28, 2001 No.96n;

Regulation on the accounting policy No. 9/99 “Income of the organization” approved by the order of the Ministry of Finance of the Russian Federation as of May 6, 1999 No.32n;

Regulation on the accounting policy No. 10/99 “Expenditures of the organization” approved by the order of the Ministry of Finance of the Russian Federation as of May 6, 1999, No.33n;

Regulation on the accounting policy No. 11/2000 “Information about the affiliated persons” approved by the order of the Ministry of Finance of the Russian Federation as of January 13, 2000 No.5n;

Regulation on the accounting policy No. 12/2000 “Segments information” approved by the order of the Ministry of Finance of the Russian Federation as of January 27, 2000 No.11n;

Regulation on the accounting policy No. 13/2000 “Accounting of the state help” approved by the order of the Ministry of Finance of the Russian Federation as of October 16, 2000 No.92n;

Regulation on the accounting policy No.14/2000 “Account of intangible assets” approved by the order of the Ministry of Finance of the Russian Federation as of November 16, 2000 No.91n;

Regulation on the accounting policy No. 15/01 “Account of loans, credits and costs for their service” approved by the order of the Ministry of Finance of the Russian Federation as of August 2, 2001 No.60n;

Regulation on the accounting policy No.16/02 “Information on discontinuing operation” approved by the order of the Ministry of Finance of the Russian Federation as of July 2, 2002 No.66n;

Regulation on the accounting policy No. 17/02 “Account of expenses for the research and development works as well as technological works” approved by the order of the Ministry of Finance of the Russian Federation as of November 19, 2002 No.115n;

Regulation on the accounting policy No. 18/02 “Account of profit tax calculations” approved by the order of the Ministry of Finance of the Russian Federation as of November 2002 No. 114n;

Regulation on the accounting policy No. 19/02 “Account of financial investments” approved by the order of the Ministry of Finance of the Russian Federation as of December 10, 2002 No.126n;

Regulation on the accounting policy No. 20/03 “Information on participation in the joint activity” approved by the order of the Ministry of Finance of the Russian Federation as of November 24, 2003 No.105n;

Plan of accounts of the accounting of the industrial activity of the enterprises and the guidelines for its implementation approved by the order of the Ministry of Finance of the Russian Federation as of October 31, 2000 No.94n;

Order of the Ministry of the Russian Federation as of July 22, 2003 No.67n “On forms of accounting and reporting of the organizations”;

other current Russian Accounting Standards.

Section 2. Organization of the accounting and tax accounting

2.1. The responsibility for the organization of the accounting in OJSC “Moscow United Electric Grid Company” and meeting of the legislation during the implementation of the production operations is carried out by the General Director of OJSC “Moscow United Electric Grid Company”

2.2. Accounting and tax accounting are carried out by the structural subdivisions of OJSC “Moscow United Electric Grid Company” – accounting office, headed by the Chief accountant.

The Chief Accountant of OJSC “Moscow United Electric Grid Company” is directly subordinate to the General Director and bears the responsibility for the forming of the accounting policy, carrying out of the financial statement and timely presentation of complete and reliable information concerning the financial statement.

2.3. Accounting office of the executive office carried out the methodological management of the accounting services of the branches.

2.4. Branches of OJSC “Moscow United Electric Grid Company” poses own financial services which carry out the accounting and tax accounting, compile the financial statement and tax intercompany reporting and present it to the accounting office of the executive office of OJSC “Moscow United Electric Grid Company”.

2.5. The Heads of the Branches are assigned by the order of the General Director of OJSC “Moscow United Electric Grid Company” and act on the basis of his/her power of attorney.

Chief Accountant of the branch of OJSC “Moscow United Electric Grid Company” bears the responsibility for the meeting of the taken accounting policy, financial statement carrying out and timely presentation of full and reliable financial statement to the executive office of OJSC “Moscow United Electric Grid Company”.

Section 3. Typical work plan of accounts, rules of document flow, technology of accounting information processing and compiling of the reporting

3.1. OJSC “Moscow United Electric Grid Company” uses the special program “1C: Accounting 7.7 and 8.0”.

3.2. In accordance with the requirements of the abovementioned normative documents concerning the financial statement and the accounting policy of OJSC “Moscow United Electric Grid Company” the branches of the Company carry out the accounting and tax accounting making up the accounting in the order determined by the executive office of OJSC “Moscow United Electric Grid Company”, carry out all the obligations directed to tax payment in accordance with the requirements of the tax legislation, carry out the responsibility of the timely presentation and the correctness of the accrued taxable base paid out centrally as well as for the organization of the account of the property.

3.3 Forms of the intercompany reporting are developed by OJSC “Moscow United Electric Grid Company” taking into account the group, system and generalization of information.

Forms of intermediary and annual financial statement of OJSC “Moscow United Electric Grid Company” are developed in the basis of forms recommended by the Ministry of Finances of the Russian Federation taking into consideration the additional indices introduces by JSC “OAO RAO UES of Russia”.

Financial statement of OJSC “Moscow United Electric Grid Company” accounted in the order and terms determined by the financial statement normative acts. It is formed by the accounting office on the basis of the generalized information on property, obligations and results of the activity taking into account information presented by the accounting offices of the branches.

Accounting reporting of OJSC “Moscow United Electric Grid Company” is compiled in rubles and is presented to the Department of the financial statement and reporting of JSC “RAO UES of Russia” for check, analysis and forming of the consolidated statement in general in group in accordance with paragraph 8 of the Methodical recommendations of compiling and presentation of the consolidated financial statement (paragraph 8. Is implemented by the order of the Ministry of Finances of the Russian Federation as of May 12, 1999 No.36n) in ‘000 RUR.

Within the framework of JSC “OAO RAO UES of Russia” forming of the consolidated reporting in accordance with International Financial Reporting Standards, OJSC “Moscow United Electric Grid Company” systemizes and transmits to JSC “RAO UES of Russia” the financial information in the order of the developments of OAO “RAO UES of Russia” the consolidated schedules-interpretations.

3.4. The annual reporting, balance sheet and profit and losses report of OJSC “Moscow United Electric Grid Company” is considered and approved by the general shareholders meeting. The financial statement of OJSC “Moscow United Electric Grid Company” is presented during the time periods and is sent to the addresses determined by the articles of associations and the legislation acts of the Russian Federation as well as prescriptive document of JSC “RAO UES of Russia”.

The approved annual financial statement of OJSC “Moscow United Electric Grid Company” is published not later than on Jun1 of the year following the reporting one (article 15 and 16 of the Law “On accounting”).

3.5. Branches of OJSC “Moscow United Electric Grid Company” are determined in the charter of the Company. Branches of the company possess the property which is accounted at the separate balances. The property of the branch is made of the property (means) prescribed to it by the Company as well as money means and material means acquired during the industrial activity and included into the consolidated balance of the Company. The property accrued to the balance of the branch is the property of the Company.

3.6. Financial statement is carried out on the basis of the Plan of accounts, developed by OJSC “Moscow United Electric Grid Company” on the basis of the accounts plan developed for use by JSC “RAO UES of Russia”. Working plan of the accounts of the accounting statement of the Company is used in the process of the accounting statement carrying out in the branches. The Chief Accountant of the Company has the right to introduce and specify the subaccounts to the synthetical accounts and determine the additional systems of the analytical account.

3.7. OJSC “Moscow United Electric Grid Company” installs the computer technology of the initial statement of the accounting information with the help of the specialized accounting program “1C: Accounting 7.7 and 8.0”.

Registers of the account during the introduction of the automated account monthly printed and signed by the responsible person, vised by the chief accountant and his/her deputies.

3.8. They install the following computer forms of the accounting documents for the internal accounting statement compiled in the system of the accounting programs:

Turnover balance of the financial statements account;

Policy analysis and rest by the accounts of the financial statement;

Turnover balance sheet by the balance account;

Other types of the account necessary for carrying out of the analytical and synthetic account of the industrial operations in accordance with the requirements of the normative documents and necessary for the operative acquisition of information.

3.9. The booking of the production operations is carried out in accordance of the working plan of accounts of OJSC “Moscow United Electric Grid Company”. The Company carries out the financial statement of the property, obligations and the industrial operations by means of the dual recording in accordance with the Plan of the financial statement accounts.

OJSC “Moscow United Electric Grid Company” in all its branches uses the typical inter-branch forms of the initial accounting documents approved by the Federal State Statistics Service.

To form the financial operations where the typical forms of the accounting documents are determined as well as the financial reporting for all the branches they approve the forms of the initial accounting documents in accordance with appendix No.2.

Branches using additionally their internal forms of the initial documents shall approve them by the order of the branch manager. The given forms in the initial order are coordinated with the Chief Accountant of OJSC “Moscow United Electric Grid Company” (on the basis of paragraph 5 of the Accounting statement regulation “Accounting policy of organization (ACCOUNTING REGULATIONS 1/98), approved by the order of the Ministry of Finances of the Russian Federation as of July 29, 1998 No.34 n).

Initial documents compiled in foreign languages shall have the translated counterpart in Russian.

The originals of the initial accounting documents concerning the production operations made in branches shall be taken into account and are stored by the place of their compiling. The responsibility for the storage of the initial documents shall be pit upon the accountings offices of the branches.

3.10. The rules of the documents circulation in OJSC “Moscow United Electric Grid Company” for the purposes of making of the accounting and tax accounts as well as the reporting compiling shall be regulated by the schedule of the documents flow and register of the interaction. The schedule of the documents flow determines the time periods and amount of the initial accounting and other documents presentation to the accounting office of the executive office.

OJSC “Moscow United Electric Grid Company” uses the following order of intercompany accounts: Transition of the material valuables (fixed assets, equipment, cable products) implementation of works by the structural subdivisions for the needs of other is the inter system turnover and is used with the use of account 79 “Intercompany accounts” concerning the actual self cost without the reflection on the accounts of the organization.

The transition of the material and industrial stored materials by one structural subdivisions for the needs of others is the intersystem turnover and use of account 79 “Intercompany accounts” by the medium self cost without the description of the excluded material valuables on the realization accounts

3.11. Property accounting (except for the fixed assets), obligations and industrial operations is carried out in RUR with kopecks without rounding. The fixed assets are accounted in RRU. Amount of differences from rounding shall be transited to the financial results.

3.12. To present in the accounting statement and reporting the cost of assets and liabilities, presented in the foreign currency it shall be recalculated in rubles in accordance with the requirements of ACCOUNTING REGULATIONS 3/2006. Together the system accounting shall register information concerning the cost of assets in rubles in the foreign currency the assets and liabilities are presented.

3.13. The right of signing of the initial accounting documents are in the possession of the heads of the Company acting on the basis of the power of attorneys. The heads of the branches possess the right to sign the accounting documents on the basis of the power of attorneys issued by the Company.

Documents reflecting the industrial operations which imply the cash flow (on bank accounts, at the cash desks of the organizations) shall be signed by the heads of the Company acting on the basis of power of attorneys and the Chief Accountant as well as authorized persons. At the branches the documents reflecting the industrial operations which

imply the cash flow (on bank accounts, at the cash desks of the organizations) shall be signed by the heads of the Company acting on the basis of power of attorneys and the Chief Accountant as well as authorized persons.

3.14 Inventory of property and obligations shall be carried out in accordance with the Russian Federation Law as of November 1996 No. 129-FL "On accounting" and Methodical recommendations of the inventory of the company and its liabilities approved by the order of the Ministry of Finance of the Russia Federation as of June 13, 1995 No.49.

Term and order of the planned inventory carrying out and the structure of the central inventory commits shall be determined by the order of the General Director of OJSC "Moscow United Electric Grid Company" and in case the carrying out of the inventory is necessary – on the basis of the orders of the heads of the branches by their belonging. Approval and structure of the inventory committees at the places shall be determined by the order of the branch head.

3.15 During the forming of the accounting balance of OJSC "Moscow United Electric Grid Company" concerning the segments information the initial one is information concerning the operational segments as the secondary one is information concerning the geographical segments. Order and rules of information presentation by the segments in the accounting statement shall be determined by ACCOUNTING REGULATIONS 12/2000 "Information by the segments".

3.16 The contents of the accounting segments and the internal reporting is the commercial secret and incases determined by the legislation of the Russian Federation, - state secret. Persons acquired the access to information contained in the registers of the accounting and internal reporting shall keep the commercial secret. For its disclosure they bear the responsibility determined by the Russian Federation Legislation.

Section 4. Methodical aspects of the accounting policy

4.1. Intangible assets

Financial statement of intangible assets is carried out in accordance with the Accounting regulation "Intangible assets accounting, ACCOUNTING REGULATIONS 14/2000" approved by the order of the Ministry of Finances of the Russian Federation as of October 16, 2000 No. 91n.

4.1.1. Assessment of intangible assets

Intangible assets acquired for the payment shall be assessed in the amount of the actual costs for the acquisition without the recoverable taxes (Value Added Tax).

The initial cost of the intangible assets acquired by the agreements determined by the obligations fulfillment (payments) not by money means shall be determined on the basis of the goods cost (valuables) transited or subjected to transition by the organization. The cost of goods (valuables) transited or subjected to transition shall be settled on the basis of the cost which in the compared circumstances is determined by the organization out of the cost of the same goods (valuables).

If it is impossible to set the cost of goods (valuables) transited or subjected to transition by such agreements the amount of the intangible assets cost acquired by the organization shall be settled on the basis of the cost the compared same assets are acquired by.

Intangible assets made in OJSC "Moscow United Electric Grid Company" shall be assessed by the actual costs for their creation without the account of the inter-production costs except for the recoverable taxes for the used materials and services of the outside organizations.

Intangible assets acquired by the gift agreement (for free) shall be assessed on the basis of the market value for the date of their acquisition for the accounting. To determine the market value they use the experts' conclusion of the independent licensed appraiser.

Basis: Section II of ACCOUNTING REGULATIONS 14/2000.

4.1.2. Depreciation of the intangible assets.

OJSC "Moscow United Electric Grid Company" uses the linear way of the depreciation charges going out of the initial cost and norm of the depreciation charged on the basis of the term of the productive use of the intangible assets objects.

Basis: Items 15 and 16 of ACCOUNTING REGULATIONS 14/2000.

4.1.3. Determination of the term of the productive use.

OJSC "Moscow United Electric Grid Company" determines the term of the productive use for each type of the depreciated intangible assets during their setting to the account on the basis of:

Duration term of the patent, certificate or other limitation of the term of the use of the intellectual property objects;

Expected term of this object use during which OJSC "Moscow United Electric Grid Company" is to acquire the economic profit (income). Together with this the term of the productive use of the intangible assets object is approved by the specially created committee and is approved by the correspondent administrative document.

The intangible assets where it is impossible to determine the productive use term the norms of the depreciation charge shall be settles for 20 years (which shall not exceed the term of the activity of the organization).

Basis: Paragraph 17 of ACCOUNTING REGULATIONS 14/2000.

4.1.4. Depreciation charges reflection in the balance sheet

Depreciation charges of intangible assets except for the organizational costs shall be reflected in account 05 “Depreciation of intangible assets”.

Depreciation charges shall by the organizational costs shall be reflected in the accounting by means of gradual minimization of the cost during twenty years (but it shall not exceed the term of the activity of the organization).

Basis: Item 21 of ACCOUNTING REGULATIONS 14/2000.

4.2. Fixed assets

Accounting of the fixed assets shall be carried out in accordance with accounting regulation “Fixed assets account, ACCOUNTING REGULATIONS 6/01” approved by the Ministry of Finance of the Russian Federation as of March 30, 2001 No.26n, Methodical regulations of the financial account of the fixed assets approved by the order of the Ministry of Finances of the Russian Federation as of November 13, 2003 No.91n.

4.2.1. Order of transition of the labor means to the fixes assets.

The fixed assets are the assets used in making of the product, carrying out of works or services rendering, for management needs or presentation to OJSC “Moscow United Electric Grid Company” for charge for temporarily use during the term of the productive use of more than 12 months (basis – the Order of the Ministry of Finances of the Russian Federation as of December 12, 2005 No. 147n).

Fixed assets presented exceptionally for the temporarily use and possession with the goal of the income acquisition shall be accounted by OJSC “Moscow United Electric Grid Company” in the structure of the income bearing investments to the material assets, account 03 Income bearing investments to the material assets.

Objects being on the balance of the fixed assets and not subjected to the state registration till the moment of the state registration shall be specially accounted in the structure of the fixed assets.

If there is the library fund the cost of the printed press included into the find is on the balance of the fixed assets on the debit side of the account 01 “Fixed assets” and in the correspondence of credit account 08 “Investments into the non-current assets”.

Basis: 1 P. 4 of section I of ACCOUNTING REGULATIONS 6/01.

2. Regulation of the Government of the Russian Federation as of January 1, 2002 No.1 “On classification of the fixed assets included into the depreciation groups”.

3. Letter of the Ministry of the Russian Federation as of May 12, 2003 No. 16-00-14/159.

4.2.2. Inventory object of the fixed assets.

The inventory object of the fixed assets is the separate constructively separated subject subjected for the implementation of certain independent functions or the separated complex of the constructively fittable subjects representing the unified complex and subjected for carrying out of the contain work.

If one object possesses several parts, the terms of the productive use of which are considerably different form each other each such a part shall be considered as the independent inventory object.

Basis: Item 6 of section I of ACCOUNTING REGULATIONS 6/01.

4.2.3. Assessment of the fixed assets

The fixed assets shall be taken into account by the initial cost. During the acquisition of the fixed assets for the payment the initial cost shall be determined as the amount of the actual costs for the acquisition, construction and preparation except for VAT and other recoverable taxes.

the actual costs for acquisition and creation of the fixed assets the industrial and other costs except for the cases where they are connected with the acquisition of the assets shall not be taken into account.

During the acquisition of the fixed assets as the investment into the authorized capital the initial cost is the money assessment of the fixed assets coordinated between the founders (participants). During the acquisition of the fixed assets by the present agreement and in other cases of changeless acquisition the initial cost is the current market cost for the date of the acquisition to the accounting.

The initial cost of the fixed assets taken by the agreements determining the implementation of the obligations (payment) by not money means is the cost of valuables subjects to the transition by the organization and shall be determined on the basis of the price by the compared obligations, OJSC “Moscow United Electric Grid Company” is usually determined the price of the same valuables.

If it is impossible to settle the cost of the valuables transited ob subjected to the transition the costs of the fixed assets acquired by the organization by the agreements determining the complete fulfillment of obligations (payment) by not money means shall be determined on the basis of their cost by which in comparable circumstances they acquire the same objects of the fixed assets.

The initial cost of the fixed assets acquired as a substitution for the departed property within the framework of the agreements for the compensation of the losses and the transition of the property rights is the cost of the physical costs for the construction of the object of the transitions party determined in the acceptance certificate.

The initial cost of the fixed assets objects irrespective of the way of their acquisition shall include the actual costs for the transition of objects and putting them to the condition accessible for use. Assessment of the fixed assets object which cost during the acquisition is presented in the foreign currency shall be made in rubles by means of re-accounting of the amount in the foreign currency by the Russian Federation Central Bank course active for the date of the object acquisition to the accounting by account 01 “Fixed assets”. The occurred difference between the

fixed assets assessment reflected in the account of the fixed assets account and the assessment of the investments to the non-current assets shall be written-off from the profit and losses account as other incomes (expenditures).

Basis: Items 7-13 of section II of ACCOUNTING REGULATIONS 6/01.

4.2.4. Change of the fixed assets cost.

Change of the fixed assets initial value by which they were taken to the accounting is possible in the cases of the further construction, equipping, reconstruction, modernization, partial liquidation and reassessment of the fixed assets means.

Reassessment of the fixed assets shall be carried out in the order determined by the legislation on the basis of the correspondent administration document of the head of the Company.

Amount of the complete assessment of the object of the fixed assets in accordance with the credit account of the additional capital account. The amount of completed assessment of the fixed assets object equal to the amount of its reduced assessment carried out during the previous reporting periods and transited to the account of the undistributed profit (loss) account. It shall be transited to the credit of the undistributed profit (loss) account in the correspondence of the debit of the fixed assets account.

Amount of the reduced assessment of the fixed assets object as a result of reassessment shall be reflected by the debit of the account of undistributed profit (loss) in correspondence of the credit side of the fixed assets account. The amount of the reduced assessment of the fixed assets object shall be directed to the reduction of the additional fund of the Company made up due to the complete assessment of the object, carried out during the previous reporting periods and reflected in the accounting balance in debit side of the additional fund and credit side of the fixed assets account. The excision of the amount of the assessment of the object over the amount of its complete assessment transited to the additional fund of the organization as a result of reassessment carried out during the previous reporting periods shall be reflected at the debit side of the undistributed profit (loss) account in correspondence with the debit side of the undistributed profit (loss) in the correspondence with the credit side of fixed assets account.

If the object of the fixed assets is retired the amount of its final appraisal shall be written off the debit side of account of the additional fund in correspondence with the credit side of the undistributed profit of the organization account.

If the initial value of the fixed assets objects changes in case of the further construction carrying out including the further equipping and carrying out of the major construction works shall be reflected in the own flow of the own sources of the financial statement.

Basis: 1. Paragraphs 14 and 15 of section II of ACCOUNTING REGULATIONS 6/01.

2. Paragraph 48 of the accounting Methodical recommendations of fixed assets approved by the order of the Ministry of Finance of the Russian Federation as of October 13, 2003 No.91n.

4.2.5. Depreciation of the fixed assets.

The charge of the depreciation by the objects of the fixed assets is carried out by linear means on the basis of the initial or current (reconstructed) cost (in case of the reassessment carrying out) of the fixed assets object and the norm of the depreciation on the basis of the term of the value-added use of this object.

The charge of the fixed assets depreciation transited to leasing is carried out by the coordination of the parties with the use of the special coefficient to the ordinary norm of the depreciation.

By the objects of housing facilities (houses, hostels apartments and etc), external facilities and same objects (road facilities and etc.), as well as vegetation and the library fund the cost is not redeemed that is the depreciation is not charged. By the abovementioned objects of the fixed assets the charge of the wear is carried out at the end of the reporting year by the determined norms of the depreciation. The flow of the depreciation amounts shall be accounted at the separate account. Fixed assets which consumer facilities do not change with the time (land plots and environmental facility) shall not be subjected to depreciation charge.

The charge of the depreciation by the object of the fixed assets from the first day of the month following the month of taking this object to the accounting and is carried out till the complete redemption of the cost of this object or the writing off of the object from the accounting.

The charge of the depreciation by the fixed assets object shall be terminated since the first day of the month following the month of full redemption of the cost of this object or the writing of the object off the accounting.

During the time of the value-added use of the fixed assets object the charge of the depreciation shall not be stopped except the cases of its transition by the decision of the head of the organization for the preservation for the term of more than three months as well as in the period of the object reconstruction of the object which duration does not exceed 12 months.

For the purposes of the accounting the charge of the depreciation by the fixed assets are carried out on the basis of norms of the depreciation charges which are determined in accordance with the regulation of the Government of the Russian Federation as of January 1, 2002 No.1 "On classification of the fixed assets included into the depreciation groups" specially for the heads of committees branches and in the executive office – the committee created by the head of the Company.

Basis: Paragraphs 17, 18,21,22,23 of section III of ACCOUNTING REGULATIONS 6/01.

2. Letter of the Ministry of Finances of the Russian Federation as of May 12, 2003 No.16-00-14/159.

4.2.6. Determination of the term of the useful life.

Determination of the value of the useful life of the fixed assets object is carried out during the transition of the object to the accounting on the basis of the assumed term of its use in accordance with the regulation of the Russian Federation Government as of January 1, 2002 No.1. By all the new object the useful life term is determined on the level of the medium index determined by the Regulation for the Russian Federation as of January 1, 2002 No.1 by the correspondent group.

The acquisition of the fixed assets objects to the accounting is carried out in the basis of the acceptance-transfer report of the fixed assets approved by the head of the branch of OJSC "Moscow United Electric Grid Company" which is compiled for each separate inventory object or group of objects in determined cases and other objects. At account 01 "Fixed assets" the actually operated objects are taken into account which are subjected to the state registration since the moment of the documents transition to the state registration.

By the objects of the fixed assets transited and taken to lease the depreciation shall be charged by the Lessor.

The determined regulation is not applied in relation to the property transited to leasing. The depreciation of the fixed assets transited to leasing shall be carried out by the lessor or the lessee depending on which balance are the determined objects with the leasing agreement.

During the acquisition of the fixed assets the object being in the operation its initial cost shall be determined in the basis of the agreement price of purchase and costs connected with the acquisition.

The term of the useful life of the fixed assets object being in the operation shall be determined by the formula: useful life term, accrued for the new object of the fixed assets minus the term for the actual operation of the fixed assets object of the previous owner.

The term of the useful life of the fixed assets objects being in the operation shall be determined by the special committee on the basis of the expected term of the given object use in accordance with the expected production or the capacity taking into account of the real physical or moral wear out for the moment of the acquisition.

If the acquired worn out object of the fixed assets fully worked out its term according to the date of the supplier and technical passport the term of its useful life is determined by the committee of the branch which took into consideration of the determined object.

Basis: 1. Paragraphs 1 and 8 of article 258 of chapter 25 part 2 of the Tax code of the Russian Federation.

2. Paragraph 20 of section III ACCOUNTING REGULATIONS 6/01.

3. Federal law as of October 29, 1998 No. 164-FL "On Leasing".

4. Regulation of the Russian Federation Government as of January 1, 2002 No.1.

5. Paragraph 38 of the order of the Ministry of the Russian Federation as of November 12, 2003 No.91n.

4.2.7. Writing off of the cost of the separate objects of the fixed assets.

Assets acquired after January 1, 2006 of value not more than RUR 10,000 for the unit shall be reflected in the financial statement and the reporting in the amount of inventories on account 10 "Materials". The forms of the initial accounting documents by the account if the fixed assets shall be attributed to these assets. In particular they shall not form N OC-1 during acquisition and transition of fixed assets as well as form N OC-2 during the internal transition of objects, form N OC-5 during their exclusion. The inventory card of the fixed assets account form N OC-6 shall not be opened and etc.

For the purposes of preservation of these assets in slip by form N M-4, requirement-invoice by form N M-11, card of the materials account by the form N M-17 and others.

By the acquired transport means including in the process of leasing of the cost no more than RUR 10,000 for unit, besides by the off-balance sheet account form N OC-1 during acquisition and transition of fixed assets as well as form N OC-2 during the internal transition of objects, form N OC-5 during their exclusion. The inventory card of the fixed assets account form N OC-6 shall not be opened and etc.

Basis: 1 Paragraph 5 of section I of ACCOUNTING REGULATIONS 6/01.

4.2.8. Costs for the fixed assets repairs.

Costs for carrying out of all types of repairs (current, medium and major) included into the prime cost of the reporting period where they were produced. The reserve of the future costs for the fixed assets repairs is not created.

Basis: Paragraph 72 of Regulation No.34n.

4.2.9. Exclusion of the fixed assets

Profits and losses connected with the selling, exclusion and other writing off of the fixed assets objects from the accounting shall be subjected to passing to an account of income and losses as other profits and losses.

During the exclusion of the fixed assets objects and other assets by the reason of impossibility of use due to the improper condition to the further operation, moral wear and other writing off, the loss from the exclusion and other writing off of the property shall be subjected to transition to other costs.

Basis: 1. Paragraphs 12,31 of section of III ACCOUNTING REGULATIONS 6/01.

2. Paragraph 11 of section III of ACCOUNTING REGULATIONS 10/99.

3. Paragraphs 7, 8 of section III of ACCOUNTING REGULATIONS 9/99.

4. Paragraph 82 of Regulation 34n.

4.3. Account of the capital investments

The non-completed capital investments are non-registered by the acceptance-transfer certificates of fixed assets and other documents (including the documents, supporting the state registration of the immovable objects in cases determined by the legislation) costs for the construction and repairs works, acquisition of buildings, constructions, equipment, transport means, instruments, inventory, research and geological works as well as drilling operations, costs directed to the allocation of a land plots and others.

Account of losses and calculation of the par value of the completed capital constructions is carried out by the ordering method in accordance with the actual net value, that is by each object of the construction, acquisition of land plots and environmental facilities, separate objects of the fixed assets, intangible assets and other.

Capital construction objects being in the temporarily use before putting them into operation shall be reflected as the non-completed capital investments.

Non-completed capital investments shall be reflected in the balance sheet by the factual costs.

Objects completed by the capital construction shall be included into the structure of the fixed assets by the inventory cost which is determined by each separate object put into operation independently.

4.4. Inventories

Accounting of inventories is carried out in accordance with Regulation on accounting "Account of inventories, ACCOUNTING REGULATIONS 5/01", approved by the order of the Ministry of the Russian Federation as of June 9, 2001 No.44.

4.4.1. Account of inventories

Inventories are assets meeting the criteria determined by ACCOUNTING REGULATIONS 5/01.

Inventory, instrument and industrial materials with the service life of at least one year shall be accounted in the structure of the inventories at account 10 "Materials".

In the structure of materials they shall take into account the special instrument, special instrument, special gadgets, special equipment (special installations) and special clothing irrespective of the term of the useful life.

Basis: 1 Paragraph 2 of section I of ACCOUNTING REGULATIONS 5/01.

2. Paragraph 13 of section 2 of the order of the Ministry of Finance of the Russian Federation as of December 26, 2002 No.135n.

4.4.2. Inventories assessment.

Inventories shall be taken to the accounting by the factual net value.

The factual net cost of the inventories acquired for payment shall be the amount of actual costs of the company except for the value-added tax and other recoverable taxes (except for cases determined by the legislation of the Russian Federation).

Actual costs for the acquisition of the inventories shall be determined by the account the account differences occurred before the acquisition of the inventories to the accounting in cases when the payment is carried out in the amount equivalent to the amount in the foreign currency (conventional monetary units). After taking of the inventories to the accounting the amount differences occurred by the accounts with the contractors and connected with the acquisition of the given storage shall be transited to the extraordinary incomes and costs.

The actual costs for the acquisition of inventories are:

- Costs paid in accordance with the agreement for the supply (seller);
- Amounts paid out to the organizations for the information and consultation services connected with acquisition of the industrial storage;
- Custom duties;
- Non-coverable taxes, paid in connection with acquisition of the inventory storages;
- Remunerations paid to the intermediary organization through which the inventories were acquired;
- Costs connected with preservation and supply of inventories to the storages including the insurance costs;
- Percent by credits and loans presented by the suppliers (commercial credit), before taking into accounting of inventories;
- Per cent by the loan means if they are involved during the acquisition of these storages as well as costs for the service of the abovementioned loans and credits before taking into account of the inventories;

After taking into account the inventories concerning the changed per cent for the acquired credit and loans, they shall be reflected on the balance sheet in the general order by the transition to the operation costs;

The general production and same costs shall not be included to the actual costs for the acquisition of inventories and same costs except for the cases when they are directly connected with the acquisition of inventories;

The actual net cost of the material costs during the production by own means shall be created out of the costs connected with their production.

The actual net cost of the material valuables acquired by the enterprise for free as well as those different from the exclusion of the fixed assets and the general property shall be determined on the date of their acquisition to the accounting. The current market value is the amount of money means which shall be acquired during the sale of the abovementioned assets.

The ready product is the part of the inventories presented for the sale (final result of the industrial cycle, assets, completed the processing (complication), which technical and high quality characteristics correspond to the conditions of the agreement or the requirements of other documents in cases determined by the legislation.

The ready products shall be reflected in the balance sheet by the actual production net cost, including the costs connected with the use in the process of fixed assets production, raw materials, fuel power, labor recourses and other costs for production.

The synthetical accountant of the ready product is carried out at account 43 "Ready product" by the actual industrial net value.

In the analytical accounting the accounting figured are used. As the accounting price they take the net value.

The difference between the actual net value and the cost of the annual production by the accounting process shall be accounted at account 43 "Ready product" at the separate sub account "Deviations of the net value of the ready product of the accounting price".

The ready product made for the own needs of the enterprise is accounted at account 43 "Ready product".

The transition of the ready product made for the own needs of OJSC "Moscow United Electric Grid Company" is carried out via the actual industrial net value.

Basis: 1 Paragraphs 6, 13, and 26 of section II of ACCOUNTING REGULATIONS 5/01.

2. Paragraph 59 of Regulation No.34n.

3. Paragraph 39 of the order of the Ministry of Finance of the Russian Federation as of December 28, 2001 No.119n.

Inventories shall be taken to the accounting by the net cost of acquisition or making.

The actual costs for acquisition of the inventories shall not be included of the general industrial and other same costs except for the cases when they are connected with the acquisition of inventories.

The cost of the inventories acquired by the organization by the present agreement or for free as well as those left from the exclusion of the fixed assets and other property shall be determined in the basis of their current market value for the date of their taking to the accounting.

The actual cost of the inventories transited to the account of the investment to the authorized (share) capital of the organization shall be determined in account of their monetary value coordinated by the founders (participants) of the organization if other is not determined by the legislation of the Russian Federation.

Actual cost of the inventories acquired by the agreements determining the fulfillment of the obligations (payment) by not-monetary means is the cost of assets transited or subjected to the transition by the organization.

The actual costs of OJSC "Moscow United Electric Grid Company" for the transportation of inventories including the goods for sale till the moment of their transition to sales shall be included to the actual net value of the inventories.

The assessment of the inventories acquired by the unbilled deliveries together with those used for repair works and the capital construction is carried out by the medium net cost of the same inventories of the next month.

Unbilled deliveries are at the accounts of the material storage (depending on the purpose of the acquired materials).

Together with this the materials storages shall be accounted in the analytical and synthetical accounting balance by the accounting prices of the organization.

Goods acquired by the OJSC "Moscow United Electric Grid Company" shall be accounted at Account 41 "Goods".

Inventories belonging to OJSC "Moscow United Electric Grid Company" transited to lease or being transported shall be accounted by the account prices.

The accounting prices for the materials are:

a) Agreement process. In this case other costs included into the actual value of the materials shall be accounted separately in the structure of the transpiration and preparation expenditures;

b) Actual net cost of the materials for the data of the previous month or the reporting period (reporting year). In this case the deviations from the actual cost of the materials of the current month and their accounting cost shall be considered in the structure of the transportation and preparation costs.

The annual product shall be reflected in the balance sheet by the actual industrial net cost, inclusion the costs connected with the use in the process of production of the fixed assets, materials, fuel, power, labor recourses and other costs for the production.

Basis: 1. Paragraphs 6, 13, 26 of section II of ACCOUNTING REGULATIONS 5/01.

Paragraph 59 of Regulation No. 34n.

Paragraph 39 of the order of the Ministry of Finance of the Russian Federation as of December 28, 2001 No.119n.

4.4.3. Account of the actual net cost forming of the material valuables.

Forming of the actual net cost of the materials shall be carried out with the use of account 15 "Preparation and acquisition of the material assets" and 16 "Deviation in the cost of the material assets."

The credit side of account 15 "Preparation and acquisition of the material costs" in correspondence with the account 10 "Materials" have the cost of the actually acquired by OJSC "Moscow United Electric Grid Company" and materially proved the industrial storages in the amounts paid in accordance with the agreement.

Amount of difference in the cost of the acquired inventories amounted in the net value of acquisition (preparation) and prices paid to the supplier in accordance with the agreement shall be written off account 15 "Preparation and acquisition of material costs" to account 16 "Deviation in the cost of the material valuables".

The account balance of account 15 "Preparation and acquisition of material costs" shows the presence of the material and industrial storages on the way.

The reserve for the decrease of the cost of the material shall not be created.

Inventories by the unbilled deliveries shall be taken into account by the prices of the previous delivery with the further determination of the cost during the acquisition of the documents. Together with this, account 60 "Payments to the suppliers and contractors" shall be credited to the cost of the accrued valuables determined by the prices of the previous supply. During the acquisition for the documents from the suppliers they:

- Carry out the additional record for the amount of VAT if any;
- If the given documents do not correspond to the prices of the previous delivery, the additional record is made for the amount of deviation by the debit side of the account 16 "Deviation in the cost of the material valuables" and the credit side of the account with the further writing off account 16 "Deviation in the cost of the material valuables" in the ordinary way.

If the accounting documents by unbilled deliveries were acquired in the next year after the presentation of the annual financial statement, it means that:

1. The account of the inventories does not change.
2. Amount of the value added tax shall be taken into account in the determined order.
3. The payment to the suppliers shall be determined, together with this the amount of the difference between the accounted value of the recorded inventories and their actual cost shall be written off in the month when they acquired the documents:
 - decrease of the inventories cost shall be reflected at the debit side of accounts and credit side of the financial results (as well as the profit of the previous years determined in the reporting year);
 - increase of the cost of the inventories shall be reflected by the credit side of the payments and debit side of the financial results accounts (as well as losses of the past years reflected in the reporting year).

Basis: 1. Plan of account No. 94 n., section II.

Paragraphs 11 and 13 of ACCOUNTING REGULATIONS 5/01.

Paragraphs 83, 218, 227 and 228 of the order of the Ministry of Finance of the Russian Federation as of December 28, 2001 No.119n.

4.4.4. Writing off of the material valuables.

Assessment of the inventories (except for cable product) during the release to industry and other exclusion is carried out by the middle net cost (type) of storage by the branch and all in all by the addition of the total net value of the group (type) of storage by their amount, which is accounted out of the net value and the amount of the balance for the beginning of the month and the accrued storages during the given month.

The assessment of the cable products during the writing off shall be carried out on the basis of the cost of one unit.

Release of the materials to the side of the contractors shall be carried out during the presence of the agreements and certificates.

If the contract agreement determines the transition of the materials to the contractor without payment, the materials shall be considered as the expenditures of the customer. The cost of the materials transited to the contractors as well as the expenditures of the customer shall be accounted at account 10.9 "Materials transited". Further, on the basis of the document "Certificate of the carried out works", the cost of materials and the amount of deviations in the cost of the given materials shall be written off to the costs of production or account 08 "Capital investments".

Actual net cost of the release presents the amount of the accounting cost and the amount of deviations for the writing off of the recourses.

Writing off of the deviations with the use of account 16 "Deviation in the cost of the material valuables" is carried out in proportion to the cost of the spent materials on the basis of the amount of the deviations for the beginning of the month and current deviations for the month to the amount of the left materials for the beginning of the month and the materials acquired for the month. The figure got as the result and multiplied by 100 gives the percent which is worth using during the writing off of the deviations to the cost of the spent materials.

In the accounting at account 10 "Materials" they point out two subaccounts of the control over the use of the special clothing:

- special clothing in storage;
- special clothing in operation (among the personnel and materially responsible persons).

The terms of use is determined on the basis of the typical branch norms of the free giving out of the special clothes and footwear and other individual protection means approved by the regulation of the Ministry of Labor and Social Development of the Russian Federation.

The cost of the special clothing which term of use shall not be more than 12 months shall be written off to the debit side of the correspondent accounts of the costs account and for the production during the moment of its transition (release) to the workers of the organization.

The cost of the special clothing, which operation use according to the norms of giving out not exceed 12 months and redeemed by the linear method on the basis of the terms of the value added use of the special clothing determined in typical branch norms of the free issuer of the special clothing and special foot wear as well as other individual protection means.

The cost of the special equipment shall be redeemed by linear method on the basis of the actual net cost of the object of the special purpose and norms accrued on the basis of the terms of the value added use of the object.

Redemption accrual of the cost of the special equipment and special clothing shall be reflected by the debit of the accounts for the production and credit side of "Materials" sub account "Special equipment and special clothing in operation".

The analytical account of the special equipment and special clothing being in operation (industrial operation) shall be carried out by the names (nomenclature numbers), amount and actual net cost with the indication of the date of acquisition to the industrial operation (month, year), places of operation (by subdivisions) and materially responsible persons.

The giving out to workers and their submission of the personal protection means shall be indicated in the personal card of the worker approved by the Regulation of the Ministry of Labor and Social Development of the Russian Federation "On approval of the rights of workers submission with special clothing, special footwear and other personal protection means" No. 51 as of December 18, 1998.

Special clothing given to the workers is the property of the organization and is necessary to be returned: during the dismissal, during the transition to other work where the special clothing and footwear, as well as prevention devices are not prescribed by the norms and by end of the terms of their use with the substitution by the new ones.

Order of inventory accounting

Transport and other expenses connected with delivery of goods shall be included as follows:

- In structure of actual expenses for purchase of products at account No.41 "Goods" provided that they are formed prior to the moment of cumulating in accounting;

- In structure of expenses for costs of selling expenses at account No.76 "Settlements with sundry debtors and creditors" provided that delivery expenses are formed after cumulating in accounting.

Grounds: 1. Paragraphs 16 and 18 of RAS 5/01.

2. Chart of accounts No.94n Section II.

3. Paragraphs 21, 24, 26 of the Decree of the RF Ministry of Finance No.135n as of 26 December 2002.

4.4.5. Method of analytical accounting of inventories.

Analytical accounting of inventories is carried out by cash method of accounting.

Grounds: The circular of the USSR Ministry of Finance No.103 as of 30 April 1974 "On major regulations on accounting of inventories at enterprises and buildings".

4.5. Future period expenses.

4.5.1. Structure of future period expenses.

Expenses carried out in the reporting period and referred to next reporting period shall be cumulated in accounting and revealed in balance by separate line as future period expenses.

Structure of future period expenses particularly includes as follows:

Expenses connected with development of new production, units and equipment;

Expenses connected with recultivation off land and implementation of other environmental actions;

Expenses connected with purchase of program products and data bases on agreements of sale and purchase or swap contacts provide that the assets do not meet conditions specified for intangible assets (paragraph 3 of RAS 14/2000);

Expenses for purchase of licenses or any use right, etc.

Retirement of assets due to preliminary payment for inventories shall not be considered future period expenses provided that agreement conditions or requirements of legislation and regulatory acts to, or in accordance with business customs, return of transferred funds is possible including preterm dissolution of agreement. Such payments shall be classified as advanced payments and cumulated at trade accounts payable and receivable separately.

Grounds: 1. Paragraph 65 of the Regulations No.34n.

2. Chart of accounts No.94, Sections VI and VII.

4.5.2. Write-off of future period expenses.

Future period expenses shall be subject to write-off according to kinds of expenses equally due to term of effective use of the assets determined by permanently operating branch commission on determination of term of effective use of software.

Grounds: Paragraph 65 of the Regulations No.34n.

4.5.3. Accounting of future period expenses.

Analytical account of future period expenses shall be carried out in accordance with kinds of expenses at account No.97 "Future period expenses".

Grounds: Chart of accounts No.94n, Section VIII, account "Future period expenses".

4.6. Financial investments.

4.6.1. Evaluation of financial investments (initial and subsequent).

Financial investments shall be taken for accounting under initial cost. Initial cost of purchased financial investments shall be considered amount of actual expenses for purchase except for value added tax and other indemnifiable taxes.

Public and other similar expenses except for cases they are directly connected with purchase of financial investments shall not be included in actual expenses for purchase of financial investments.

Prior to cumulating of assets as financial investments in accounting, actual expenses for purchase shall be determined taking into account sum differences occurring provided that payment is carried out in rubles in the amount equivalent to amount in foreign currency.

In case of insignificant amount of expenses (less than 0.05%; except for amount paid according to agreement with seller) for purchase of such financial investments as securities in comparison with their par value, such expenses shall not be included in initial cost of financial investments but referred to other expenses in the reporting period in which the mentioned securities were cumulated in accounting.

Financial investment purchased and sold at stock exchange regarding which current market value can be determined, shall be reflected in accounting in accordance with current market value by quarterly correction of price due to previous reporting date. Difference between assessment of financial investment at current market value as of reporting date and previous assessment of financial investments shall be referred to financial results in structure of other incomes and expenses.

Financial investment concerning which current market value is not determined, shall be subject to reflection in accounting at initial price.

Grounds: Paragraphs 8, 10,11, 19, 20, 21 and 22 of RAS 19/02.

4.6.2. Disposal of financial investments.

Under disposal of financial investments regarding which current market value was not determined, the cost shall be determined as follows:

Investments in authorized capitals of other organizations (except for shares of joint-stock companies), loans provided for other organizations, deposits in credit organizations, accounts receivable, got on the basis of assignment of receivables shall be evaluated due to initial cost of every disposed unit of financial investments;

Securities (stocks and bonds) shall be evaluated under disposal due at average initial price;

Purchased promissory notes shall be evaluated under disposal (payment for rendered works, services, and produced products) at the purchase price;

In case of disclosure of assets cumulated in accounting as financial investments regarding which current market value is determined, their price shall be determined due to their last evaluation.

Grounds: Paragraphs 26, 27, 28, 30 of RAS 19/02.

4.6.3. Establishment of provision for financial investments.

A provision for financial investments at the amount of difference between reported value and calculated value shall be established provided that current market value shall is not determined and significant permanent fall in value can be seen regarding the financial investments. Examination of financial investments devaluation shall be carried out once a year as of 31 December of the reporting period in case of presence of signs of devaluation. The mentioned provision shall be established by means of financial results in structure of operational expenses.

Grounds: Paragraphs 37-40 of RAS 19/02.

4.6.4. Classification of financial investment on the basis of duration of their usage

In accordance with term of circulation period (extinguishment), financial investments shall be classified as short-term and long-term financial investments.

Grounds: Paragraphs 41, 42 of RAS 19/02.

4.7. Settlements with debtors and creditors.

4.7.1. Evaluation of customers' account receivable.

Customers' accounts receivable on transmission of electric energy shall be taken into account due to amount of invoices made out to them under reasonable prices and tariffs approved by authorized bodies in the field of tariff regulation.

Grounds: Paragraph 73 of the Regulations No.34n.

4.7.2. Evaluation of other accounts receivable.

Settlements with other debtors and settlements on claims shall be reflected in accounting and reports due to prices provided for by agreements, and also summed settlement remainders.

Grounds: Paragraph 73 of the Regulations No.34n.

4.7.3. Provision for doubtful debts.

OJSC "Moscow Regional Electric Grids Company" shall form the provision for doubtful debts due to settlements with organizations for production, goods, works and services with referring of reserve sums to financial results.

Amount of the provision shall be determined separately for every doubtful debt depending on financial state (paying capacity) of the debtor and evaluation of probability of covering of the debt fully or partly.

Under evaluation of financial state (paying capacity) of the debtor, signs of failure (bankruptcy) specified in Article 3 of the Russian Federation Law “On failure (bankruptcy)” No.127-FZ (127-ФЗ) as of 26 October 2002 may be used. The Law specifies the following: failure of a legal entity to meet requirements of creditors under money liabilities and (or) to exercise liabilities in payment of obligatory payments, provided that the mentioned liabilities and (or) charges were not implemented within three months starting from the date of implementation.

Provision for doubtful debts shall be established quarterly on the basis of results of implemented accounts receivable inventory.

Provided that the provision for doubtful debts at any of its parts is not used before the end of the reporting year next after three year of establishment of the provision, not used unencumbered amount shall be connected to financial results under making of accounting balance as of the end of the reporting period.

Grounds: 1. Chart of accounts No.94n, Section VI, account “Provision for doubtful debts”.

2. Paragraph 70 of the Regulations No.34n.

4.7.4. Evaluation of accounts payable.

Accounts payable to suppliers and other creditors shall be taken into account in the amount of invoices got for payment and amount of accrued expenses according to settlement documents.

Accounts payable on unbilled deliveries shall be taken into account in the amount of entered values determined due to price and conditions provided for by agreements.

Grounds: 1. Paragraph 73 Of the Regulations No.34n.

2. Chart of accounts No.94n, Section VI.

4.7.5. Order of receivables and payables disposal.

Accounts receivable regarding which the limitation period is over, and other bad debts shall be disposed on every liability on the basis of data of implemented inventories, written grounding and a decree of the Head of OJSC “Moscow Regional Electric Grid Company” and referred either to the account of provision for doubtful debts or to financial results provided that amounts of these debts were not reserved in the period previous to the reporting one.

Writing-off of debts to losses as a result of non-solvency of debtor shall not be considered debt forgiveness. The debt shall be reflected at accounting balance within five years starting from the moment of writing-off for overseeing the possibility of its collecting in case of change in property condition of the debtor.

Amount of payables and receivables regarding which the limitation period is over, shall be disposed on every liability on the basis of data of implemented inventories, written grounding and a decree of the Head of OJSC “Moscow Regional Electric Grid Company” and referred to financial results.

Grounds: Paragraphs 77 and 78 of the Regulations No.34n.

4.8. Profit distribution and allocation.

4.8.1. Approval.

Approval of profits of OJSC “Moscow United Electric Grid Company” remaining in its available after assessment of organizations profit tax and other similar obligatory payments including sanctions for disregard of taxation rules, shall be approved by General Meeting of Shareholders.

Grounds: the Federal Law No.208-FZ (208-ФЗ) as of 26 december 1995 “On Joint-Stock Companies”.

4.8.2. Establishment of funds.

OJSC “Moscow United Electric Grid Company” does not establish any fund by means of profit remaining in its disposal except for cases when creation of funds is specified by constituent documents. In such cases, the order of establishment and usage of funds shall be determined on the basis of decision of the General Meeting of Shareholders.

Flow of free sources of capital investment financing shall be reflected in system accounting at accounts “Accumulation fund” and “Accumulation fund for financing of capital investments”.

OJSC “Moscow United Electric Grid Company” establishes reserve fund in amount of 5 (Five) percent from the Company’s authorized capital.

Amount of obligatory annual allocations to the reserve fund of the Company shall be not less than 5 (Five) percent of the Company’s net profit until the reserve funds achieves the set amount.

The Company’s reserve fund shall be aimed for covering or the Company’s losses as well as for the Company’s bond retirement and repurchase of the Company’s shares in case of absence of other funds.

OJSC “Moscow United Electric Grid Company” carried out centralization of depreciation which are distributed among branches of OJSC “Moscow United Electric Grid Company” in accordance with long-term capital investment plan.

Grounds: 1. The Federal Law No.208-FZ (208-ФЗ) as of 26 December 1995 «On Joint-Stock Companies».

2. Chart of accounts No.94n, Section VII.

4.8.3. Presentation in accounting.

Financial result of the reporting period shall be reflected in the statement on profits and losses as net profit which means final financial result revealed in the reporting period minus taxes and other similar obligatory payments due to profit including sanctions for non-observance of taxation regulations, and also due to deferred tax assets and deferred tax obligations.

Grounds: the Decree of the Russian Federation Ministry of Finance No.67n as of 22 July 2003.

4.9. Credits and loans.

4.9.1. Order of loan and credits indebtedness accounting.

Main amount of loan indebtedness received from lender shall be taken into account at OJSC “Moscow United Electric Grid Company” in accordance with conditions of agreement in the amount of actually received money funds or value appraisal of other units provided for by the agreement.

Grounds: Paragraph 3 of RAS 15/01.

4.9.2. Conversion of long-term indebtedness into short-term one.

OJSC “Moscow United Electric Grid Company” carried out conversion of long-term indebtedness into short-term one.

Grounds: Paragraphs 6 and 32 of RAS 15/01.

4.9.3. Evaluation of loan and credit indebtedness.

Credit and loan indebtedness of creditor shall be taken into account and revealed in accounting due to percents payable at the end of the reporting period in accordance with conditions of agreement.

Accrued percent amounts shall be taken into account separately.

Grounds: 1. Paragraph 73 of the Regulations No.34n.

2. Chart of accounts No.94n, Section VI.

3. Paragraphs 16 and 17 of RAS 15/01.

4.9.4. Accounting of operations connected with issue of bonds.

Accounting of operations connected with issue of bonds shall be carried out at account 67 "Settlements on long-term credits and loans". Amount of coupon profit in percent and selling price (price of distribution) shall be determined by decision of the Board of Directors of OJSC "Moscow United Electric Grid Company".

Accrual of due income (percent or discount) from placed bonds shall be carried out in accordance with conditions of agreement and be reflected by OJSC "Moscow United Electric Grid Company" in other expenses of those reporting periods to which the accruals are referred.

The issuer organization shall not take into account amounts of income payable to lender regarding the bonds as future period expenses preliminary.

Grounds: 1. Chart of accounts No.94n, Section VI.

2. Paragraph 18 of RAS 15/01.

4.9.5. Structure and order of recognition of expenditures connected with loans and credits.

Expenditures connected with receiving and using of loans and credits shall include, as follows:

Percents payable to lenders and creditors under loans and credits provided by them;

Percents and discount on payable promissory notes and bonds;

Additional expenses carried out due to receiving of loans and credits as well as issue and placement of borrowed liabilities.

Additional expenses of OJSC "Moscow United Electric Grid Company" due to receiving of loans and credits as well as issue and placement of borrowed liabilities include expenditures connected with, as follows:

Rendering of legal and consulting services to OJSC "Moscow United Electric Grid Company";

Reprographics;

Payment of taxes and fees (in cases provided for by legislation);

Other expenses directly connected with receiving of loans and credits and placement of borrowed liabilities.

Inclusion of additional expenses connected with receiving of loans and credits as well as issue and placement of borrowed liabilities shall be carried out in the reporting period in which they took place.

Disposal of additional expenses connected with receiving of loans shall be carried out by means of expenses of OJSC "Moscow United Electric Grid Company".

Expenses on received loans and credits directly referred to purchase and (or) establishment of investment shall be included in cost of the assets and covered by accrual of depreciation except for cases when accrual of depreciation is not provided by regulations on accounting.

Expenses on received loans and credits connected with establishment of investment assets regarding which depreciation is not accrued shall not be included in cost of the assets but be referred to the organization's current expenses.

Inclusion of expenses on received loans and credits in initial cost of investment assets shall be carried out under the following conditions:

- a) Appearance of expenses on purchase and (or) establishment of investment assets;
- б) Actual beginning of works connected with establishment of investment assets;
- в) Presence of actual expenses on loans and credits or liabilities of exercising;

Provided that investment assets are not taken into accounting as object of fixed assets or property complex (under corresponding asset items) but actual issue production, implementation of works, rendering of services has been started, inclusion of expenses on provided loans and credits in initial cost of the investment assets shall be stopped as of the first day of the month next after the month of actual beginning of operation.

Grounds: Paragraphs 11, 19, 20, 23, 27 and 31 of RAS 15/01.

4.9.6. Receiving of loans, provision by own promissory notes.

Loan of OJSC "Moscow United Electric Grid Company" for lenders provided by issued own promissory notes shall be taken into account separately, as follows: short-term one at account 66 "Settlements on short-term credits and loans", and long-term one at account 67 "Settlements on long-term credits and loans". At the same time, own promissory notes issued to guarantee loans shall be taken into account separately at off-balance sheet account 009 "Payable liabilities" under par value.

Grounds: Chart of accounts No.94n, Section VI, off-balance sheet accounts.

4.9.7. Order of accounting of incomes from temporary investment of borrowed funds.

In OJSC "Moscow United Electric Grid Company", expenses on received loans and credits connected with purchase of investment assets shall be reduced by amount of incomes from temporary using of borrowed funds s long-term and short-term financial investments.

Grounds: Paragraph 26 of RAS 15/01.

4.10. Accounting of assets and liabilities valued in foreign currency.

4.10.1. Accounting of assets and liabilities valued in foreign currency shall be carried out in accordance with the Regulations on accounting "Accounting of assets and liabilities valued in foreign currency. RAS 3/00" approved by the decree of the Russia Ministry of Finance No.2n as of 10 January 2000.

Value of assets and liabilities expressed in foreign currency shall be subject to conversion in rubles for reflection in accounting and accounting reports.

Conversion of value of assets and liabilities expressed in foreign currency in rubles shall be carried out at the exchange rate of the Russian Federation Central Bank for this foreign currency to ruble actual as of the date of conduction of operations in foreign currency.

To make accounting, conversion of value of assets and liabilities (money in organization' booking office, funds at accounts of the organization, money and payment documents, short-term securities, funds in settlements (including ones under loan liabilities with legal entities) in rubles shall be carried out at the exchange rate of the Russian Federation Central Bank actual as of the reporting date.

Grounds: Paragraphs 4, 5, 6, 7, 8, 9, 10 of RAS 3/2000.

4.10.2. Accounting of exchange difference.

Exchange difference shall be reflected in accounting and accounting reports in the reporting period to which the date of exercising of payment liabilities is referred or as of which accounting report is made.

Conversion of money value in book office of organization and money at accounts in credit organizations expressed in foreign currency shall not be carried out according to change of foreign currency rates quoted by the Russian Federation Central Bank.

Exchange difference shall be subject to referring to financial results as extraordinary incomes and expenses.

Grounds: Paragraphs 12, 13 of RAS 3/2000.

4.11. Provisions for liabilities and charges.

OJSC “Moscow United Electric Grid Company” does not establish provisions for liabilities and charges.

Grounds: Paragraph 72 of the Regulations No.34n.

4.12. Income from selling of supplies, products, works and services.

Accounting of income from production and commodities as well as deliveries connected with implementation of works and rendering services shall be carried out in accordance with the Regulations on accounting “Incomes of Organization”, RAS 9/99 approved by the Decree of the Russia Ministry of Finance No.32n as of 6 May 1999.

4.12.1. Income accounting method.

Income from selling of production and commodities as well as deliveries connected with implementation of works and rendering services shall be declared in accordance with admission of time determination of household activities factors (regarding shipping) and provision of accounting documents for payment.

Grounds: Paragraph 12 Section IV of RAS 9/99.

4.12.2. Income accounting order.

Accounting of income from selling of production and commodities as well as deliveries connected with implementation of works and rendering services shall be carried out according to kinds of activities, as follows:

1. Income from rendering services on electric energy transmission.
2. Income from selling of other commodities, works and services of production character according to their kinds.
3. Income from selling of other commodities, works and services of non-production character and other kinds of activities usual for OJSC “Moscow United Electric Grid Company”, according to their kinds.

Incomes different from usual kinds of activities shall be considered other receipts.

Amounts of implemented building and assembly works under building with household method shall not be considered incomes and not taken into account in income from selling.

Grounds: 1. Paragraphs 4 and 18.1 of RAS 9/99.

2. Chart of accounts No.94n, balance account 90.

4.13. Characteristics of accounting of expenses for production and selling of production, commodities, works and service and cost of selling as well.

Accounting of expenses due to usual kinds of activities shall be carried out in accordance with the Regulations on accounting “Expenses”, RAS 10/99 approved by decree of the Russian Ministry of Finance No.33n as of 6 May 1999 taking into account industry specifics.

4.13.1. Separate accounting of expenses.

Accounting of expenses from selling of production and commodities as well as receipts connected with implementation of works and rendering of services shall be carried out due to kinds of activities:

1. Self-cost of rendering services on electric energy transmission.
2. Self-cost of selling of other commodities, works and services of production character due to their kinds.
3. Self-cost of selling of other commodities, works and services of non-production character usual for OJSC “Moscow United Electric Grid Company”, due to their kinds

4.13.2. Production accounting method.

OJSC “Moscow United Electric Grid Company” implements process-by-process method of expenses and self-cost calculation. Main method of production accounting is expenses compositing method. Expenses of branches for electric energy transmission shall be transferred to the executive body of OJSC “Moscow United Electric Grid Company” by credit memo for determination of complete self-cost for electric energy transmission up to the 8th day of every month next for the reporting one with attachment of calculation for energy transmission.

Electric energy transmission per saltum clashes with its selling by time, that is why there are no unfinished production remainders in main production on electric energy transmission.

Income and expenses of branches due to other kinds of activities shall be taken into account independently by the branches with determination of results from particular kinds of activities.

Final profits and losses balance shall be monthly transferred by branches by credit memo to the executive body of OJSC “Moscow United Electric Grid Company”.

Grounds: Specification for planning, accounting and calculation of electric and heat energy self-cost approved by the USSR Ministry of Energy and Electrification as of 1970.

4.13.3. Total self-cost of electric energy transmission.

Total self-cost of electric energy transmission shall be formed by the executive body of OJSC “Moscow United Electric Grid Company” and determined for the Company in general as a cost estimate of resources, raw materials, materials, energy, fixed assets and labor resources during production and selling of production, as well as other expenses for electric energy transmission produced by all branches of OJSC “Moscow United Electric Grid Company”.

Incomes from distribution of production, implementation of works, rendering services with long-term production cycle implemented for other organizations shall be considered due to readiness of particular production, works, service with reflection of profit at account 46 “Completed stages under unfinished works”. Long-term production cycle shall be considered not less than 1-year production period.

4.13.4. Distribution of general production expenses and general business expenses.

Grouping and disposal of expenses for electric energy transmission shall be carried out by division of expenses for direct and indirect ones with calculation of complete self-cost of production (works, services). Distribution of indirect expenses among calculation objects shall be carried out in proportion with main salary of production employees.

Expenses for maintenance of production services under the executive body of OJSC “Moscow United Electric Grid Company” shall be considered production expenses and taken into account at accounts 25 “General production expenses” and included in self-cost from electric energy transaction in the reporting period.

Expenses for rendering services on connection of capacity shall be determined by united method and taken into account separately at separate account. They shall be disposed for expenses at the sale reporting period and not be included in self-account of electric energy transmission.

Grounds: 1. Paragraph 64 of the Regulations No.34n.

2. Paragraph 9 of RAS 10/99.

4.13.5. Accounting of expenses of branches' secondary departments.

Expenses of secondary departments (not main production departments) shall be transferred by departments of profile and non-profile business. The mentioned expenses shall be reflected in accounting as subject to compensation under actual expenses due to their recognition by departments (branches) of profile and non-profile business on the basis of, as follows:

Agreements on implementation of works and services;

Completion certificates or bordereaux with signature of the receiving party.

4.13.6. Accounting of fixed assets repair in structure of self-cost.

Structure of expenses for repair of production departments fixed assets included in self-cost shall contain the following groups: expenses for repair carried out with contractor method; expenses for salaries of workers involved in repair carried out with household method; other expenses for repair.

Expenses for repair carried out by secondary production departments shall also be divided into expenses for salaries in structure of repair works self-cost and other expenses.

Car tyres received together with a new car or a trailer (wheeled, plus a replacement kit) shall be included in cost of the car and taken into account in the structure of fixed assets. Tyres purchased for replacement of depreciated ones shall be taken into account at a sub-account 10.4.1 "Repair parts at warehouses".

Tyres taken from warehouse for replacement of depreciated ones became useless or for other reasons, for seasonal replacement ("summer", "winter" tyres) and set at a car shall be taken into account at sub-account 10.4.2 "Car tyres in operation" of account 10.4 "Repair parts".

Cost of car tyres shall be covered at a time depending from mileage up to the end of operation period within the limits of standards provided for by the document "Tine standards of operational mileage of car tyres" No.RD – 3112199-1085-02 (No.ПД - 3112199-1085-02) approved by the Russian Federation Ministry for Transport as of 4 April 2002 in debit of corresponding expenses accountings. Under non-sufficient mileage of tyres, reasons shall be found out (guilt of the driver, production plant, etc) which shall be reflected in Fair Wear and Tear Certificate.

4.13.7. Accounting of expenses for scientific researches and (or) development works.

Expenses for scientific researches and development works shall be recognized in accounting under the following conditions:

- Amount of expenses may be determined and approved;
- Implementation of works is approved in documents (Acceptance Certificate, etc.);
- Usage of results of works for production and (or) management needs may bring to receiving of future economical advantages (income);
- Usage of results of scientific researches and development works may be demonstrated.

Provided that as a result of implemented expenses for scientific researches and development works OJSC "Moscow United Electric Grid Company" gets exclusive rights for intellectual property, the rights shall be

considered intangible assets subject to depreciation in accordance with accounting policy of OJSC “Moscow United Electric Grid Company” in 2006.

Evaluation of scientific researches, development works and technological works

Expenses for scientific researches, development works and technological works shall be considered all actual expenses connected with implementation of the mentioned works. Structure of expenses under implementation of scientific researches, development works and technological works shall include as follows:

- Cost of inventories and services of other organizations and persons used under implementation of the mentioned works;
- Expenses for salaries and other payments to workers directly involved in implementation of the mentioned works under the Labor Code;
- Deductions for social needs (including united social tax);
- Self-cost of special equipment and special devices for usage as fixed assets objects and intangible assets used under implementation of the mentioned works;
- Expenses for maintenance and operation of scientific research equipment, units and constructions as well as other objects of fixed assets and other properties;
- General business expenses in case they are directly connected with implementation of the works;
- Other expenses directly connected with implementation of scientific researches, development works and technological works including expenses for implementation of testing.

Analysis accounting shall be carried out regarding every inventory object which are, as follows: implementation of scientific research, development and technologic works, results of which are independently used in production.

Write-off of scientific researches, development works and technological works expenses

Expenses for scientific researches, development works and technological works shall be subject to write-off for expenses for usual kinds of activities starting from the first day of the month next after the month when actual implementation of received results in production (implementation of works, rendering services) from implementation of the mentioned works or for management needs was started.

Write-off of expenses regarding every object of scientific researches, development works and technological works shall be carried out by line method.

Period of write-off regarding an object of scientific researches and development works with positive result shall be determined by a commission of OJSC “Moscow United Electric Grid Company” duet o expected term of usage of scientific researches and development works within which OJSC “Moscow United Electric Grid Company” is to receive economical advantages (incomes) but no longer than five years.

Expenses for scientific researches and development works without positive result, as well as in case of stopping of usage of results of works in production, expenses not referred to expenses under usual kinds of activities, shall be subject to write-off to extraordinary expenses of reporting period as of the date of adoption of the decision on stopping of scientific researches and development works or stopping of usage of results of the works.

Grounds: 1. Paragraphs 2, 5, 7, 9, 10, 11 of RAS 17/02.

4.13.8. Accounting of expenses for obligatory and voluntary property insurance.

OJSC “Moscow United Electric Grid Company” on behalf of the executive body shall centrally conduct agreements under all kinds of obligatory property insurance as well as regarding the following kinds of voluntary insurance:

Voluntary insurance of transport including leased transport used for production and selling of commodities (works, services);

Voluntary cargo insurance;

Voluntary insurance of production purposed fixed assets (including leased ones), intangible assets, objects of unfinished capital building (including leased ones);

Voluntary insurance of risks connected with implementation of building and assembly works;

Voluntary inventories insurance;

Voluntary insurance of property used in implementation of activities aimed at receiving of incomes;

Voluntary insurance of responsibilities for damage in cases provided for by the Russian Federation legislation or generally accepted international requirements.

Expenses for obligatory insurance and voluntary insurance shall be included in structure of expenses of branches in amount of actual expenses. Accounting of expenses under insurance agreement shall be carried out at balance account 97 "Future period expenses" with equal monthly allocation to expenses within terms under the conditions of the agreement.

4.13.9. Evaluation of unfinished production.

Unfinished production shall include production or works which have not passed all stages (phases, limits) provided for by technological process as well as short production, production which has not passed through testing and technical acceptance.

Unfinished production shall be accounted under actual production self-cost.

Under "Electric energy transmission and distribution" kind of activities, unfinished production is absent as electric energy transmission shall concurs with its selling.

Grounds: Paragraph 64 of the Regulations No.34n.

4.13.10. General requirements to analytic expenses accounting.

Accounting of self-cost of selling shall be carried out due to kinds of production, works and services. Accounting of expenses shall be carried out due to kinds of production (works, services), technological process, kinds of production, kinds of activities, scope cost item, cost elements.

Grounds: 1. Chart of accounts No.94n. Section III, Section VIII, account "Selling".

2. Paragraph 8 of Section II of RAS 10/99.

4.13.11. Accounting of labor payment and settlements with employees.

Accounting of labor payment and settlements with employees OJSC "Moscow United Electric Grid Company" shall be carried out with usage of special program "1C: Accounting "8.0", taken into accounting in the Regulations on labor payments in the Company.

4.14. Other incomes and expenses.

Accounting of other incomes and expenses shall be carried out in accordance with regulation son accounting "Incomes", RAS 9/99, and "Expenses", RAS 10/99 approved correspondingly by Decrees of the Russia Ministry of Finance No.32n and No.33n as of 6 May 1999.

4.14.1. Structure of other incomes.

Other incomes include incomes corresponding with RAS 9/99 referred at account 91 "Other incomes and expenses". Other incomes include, as follows:

Receipts connected with holding stakes in authorized capitals of other organizations (including percents and other incomes from securivites");

Receipts from selling of fixed assets and other assets differing from money funds (except for foreign currency), production and commodities;

Profit under the agreement of simple partnership and other receipts;

Percents for provision of money funds of OJSC "Moscow United Electric Grid Company" for usage as well as percents fro usage of money funds bank on accounting of the Company in the bank;

Fines, penalties and charges for violation of agreement conditions;

Receipts for covering of damages for OJSC "Moscow United Electric Grid Company";

Fee free receipt of assets;

Future years profit revealed in the reporting period;

Amount of accounts payables and receivables regarding which limitation period is ended;

Increasing in the value of assets;

Exchange differences;

Other incomes corresponding with RAS 9/99.

Grounds: RAS 9/99.

4.14.2. Separate kinds of other expenses.

Other expenses include, as follows:

Expenses connected with provision of the Company's assets for temporary use for fee;

Expenses connected with selling, retirement and other disposal of fixed assets and other assets different from money funds (except from foreign currency), commodities and production;

- Amount of the Organization's property tax.

Other expenses shall be included in expenses corresponding with RAS 10/99 referred to account 91 "Other incomes and expenses":

- Social expenses which are the following ones: material aid, health events, losses from maintenance of housing and communal household, financing of social objects;

-Allocation of funds (fees, payments, etc.) connected with beneficent activities;

- Expenses for implementation of sport measures of cultural and education character and other similar events;

Grounds: RAS 10/99.

4.15. Capital.

The Company's own capital shall include authorized, additional and reserve capital, undistributed profit and other provisions.

Accounting balance shall reflect amount of the authorized capital registered in authorized documents.

Amount of additional evaluation of fixed assets, capital building assets and other material property objects with effective use period of more than 12 months carried out in set order and other amount shall be taken into account as additional capital.

Under establishment of additional capital, assets under implemented major funds aimed at financing of financial investments sources of which are the Company's profits shall be taken into accounting.

Undistributed profits shall be taken into account as, as follows:

Undistributed profits of last years unpaid in accounts payable;

Undistributed profits of last years paid;

Undistributed profit used for capital investments regarding which implementation of fixed assets was not carried out;

Undistributed profits received under reorganization (spin-off);

Undistributed profits of current year.

Purpose financing shall include receipts of budget funds within the frameworks of the program for purpose financing and financing of purpose investment programs in accordance with agreements of investment and stake participation.

Grounds: Paragraphs 66, 67, 68 of the Regulations No.34n.

4.16 Accounting of settlements due to profit tax.

4.16.1. Definition of permanent differences, temporary differences, permanent tax liabilities.

Permanent differences shall be considered incomes and expenses forming accounting profit (loss) in the reporting period and excluded from accounting of tax base due to profit tax in both reporting and next period.

Temporary differences shall be considered incomes and expenses forming accounting profit (loss) in one reporting period and tax base due to profit tax in other reporting period.

Permanent tax liabilities shall be considered amount of tax leading to increase in tax payments under the profit tax in the reporting period.

Information on permanent and temporary differences shall be formed on the basis of initial accounting documents in registers of accounting and tax accounting.

Grounds: Paragraphs 4, 5, 7, 8, 13 of RAS 18/02.

4.16.2. Order of deferred tax assets accounting.

OJSC "Moscow United Electric Grid Company" recognizes deferred tax assets in the reporting period when deductible temporary differences occurred under the condition of presence of a possibility that the Company will receive profit under taxation in the following reporting periods. Deferred tax assets shall be reflected in accounting of the executive body of OJSC "Moscow United Electric Grid Company" at a separate control account 09 "Deferred tax assets". At the same time, analytic accounting of deferred tax assets shall be taken into account differentially due to kinds of assets during evaluation of which a deductible temporary difference occurred.

Grounds: Paragraph 14 of RAS 18/02.

4.16.3. Order of deferred tax liabilities accounting.

Deferred tax liabilities shall be considered in the reporting period in which taxable temporary differences occurred. Deferred tax liabilities shall be reflected in accounting of the executive body of OJSC “Moscow United Electric Grid Company” at a separate control account 77 “Deferred tax liabilities”. At the same time, analytic accounting of deferred tax liabilities shall be taken into account differentially due to kinds of assets and liabilities during evaluation of which a taxable temporary difference occurred

Grounds: Paragraph 15 of RAS 18/02.

4.16.4. Order of reflection of deferred tax assets and liabilities in accounting.

Deferred tax assets and deferred tax liabilities shall be reflected in accounting balance of the executive body of OJSC “Moscow United Electric Grid Company” correspondingly as non-current assets and long-term liabilities.

Grounds: Paragraph 23 of RAS 18/02.

4.16.5. Order of reflection in accounting.

Permanent tax liabilities deferred tax assets, deferred tax liabilities shall be reflected in statement of profits and losses.

Grounds: Paragraphs 24, 19 of RAS 18/02.

4.17. Events after the reporting date.

Reflection of events after the reporting date in accounting shall be carried out in accordance with the Regulations on accounting “Events after the reporting date” RAS 7/98 approved by the Decree of the Russia Ministry of Finance No.56n as of 25 November 1998.

4.17.1. Recognizing of events after the reporting date of accounting.

An event after the reporting date shall be considered the fact of business activities which has influenced or may influence financial state, cash flow of results of activities of OJSC “Moscow United Electric Grid Company” and which took place within the period between the reporting date and the date of signing of accounting report for the reporting period.

An event after the reporting date shall also be considered statement of annual dividends in the specified order as of result of activities in the reporting period.

Grounds: Paragraph 3 of Section II of RAS 7/98.

4.17.2. Evaluation of consequences of events after the reporting date.

For evaluation in money terms of consequences of an event after the reporting date, a corresponding calculation shall be made and approval of the calculations shall be provided. Calculation shall be carried out by the service to which the event refers due to exercised functions.

Grounds: Paragraph 8 of Section III of RAS 7/98.

4.17.3. Disclosure of events after the reporting date in accounting.

Events after the reporting date shall be reflected in accounting by specification of data on corresponding activities, liabilities, capital, incomes and expenses of OJSC “Moscow United Electric Grid Company” or by disclosure of corresponding information in explanations to accounting balance and statement on profits and losses.

Grounds: Paragraphs 7, 9, 10 of Section III of RAS 7/98.

4.18. Contingency.

Reflection of contingency in accounting shall be carried out in accordance with the Regulations on accounting "Contingency", RAS 8/-1 approved by the Decree of the Russia Ministry of Finance No.96n as of 28 November 2001.

4.18.1. Recognition of contingency in accounting.

Accounting reports of OJSC "Moscow United Electric Grid Company" shall reflect all significant contingencies regarding consequences and possibilities of occurrence of which in future there is uncertainty which means that final results of contingencies will be approved only under appearance (or non-appearance) of one or several uncertain events in future.

Grounds: Paragraph 3 of Section I and Paragraph 7 of Section II of RAS 8/01.

4.18.2. Structure of contingency.

Contingency shall include as follows:

Trials unfinished as of the reporting date in which OJSC "Moscow Regional Electric Grid Company" acts as a complainant or respondent party and decision on which may be made in next reporting period only;

Difficulties with taxation bodies on payment in budget not solved as of the reporting date;

Guarantees and other kinds of provision of liabilities issued in advantage of third parties execution terms of which have not come yet;

Discounted promissory notes term of retirement of which has not come yet;

Purchase of stopping any kind of activities of OJSC "Moscow United Electric Grid Company", closing of branches or their moving;

Purchase of stopping any kind of activities of OJSC "Moscow United Electric Grid Company", liquidation of branches;

Other similar facts.

Grounds: Paragraph 3 of Section I of RAS 8/01.

4.18.3. Order of reflection of contingency in accounting.

OJSC "Moscow Regional Electric Grid Company" shall create reserves connected with existing liabilities as of the reporting date in respect to amount or execution period of which uncertainty exists. The established reserve shall be referred to the Company's expenses.

Contingent assets shall not be reflected in accounts of OJSC "Moscow United Electric Grid Company" accounting.

Information on contingent liability shall be disclosed in explanation note to accounting of OJSC "Moscow United Electric Grid Company".

Grounds: Paragraphs 7, 8, 9,13 of Section II of RAS 8/01.

4.18.4. Evaluation of consequences of contingencies.

OJSC "Moscow United Electric Grid Company" shall evaluate contingent liabilities in money terms. Calculation of a contingent liability (asset) shall be carried out in the case when the amount may be evaluated respectively.

Calculation shall be carried out by the service to which the contingency may be referred due to exercised functions. Contingent assets shall not be subject to evaluation in money terms.

Grounds: Section III of RAS 8/01.

4.19. Information on affiliates.

Reflection of information on affiliates in accounting shall be carried out in accordance with the Regulations on accounting "Information on affiliates", RAS 11/2000 approved by the Decree of the Russia Ministry of Finance No.5n as of 13 January 2000.

4.19.1. Disclosure of information on affiliates in accounting.

OJSC "Moscow United Electric Grid Company" shall include information on affiliates in explanation note in structure of accounting as a separate section. At the same time, the mentioned data shall not be used under forming of reporting for internal purposes as well as reporting made fro state statistics supervision, credit organizations and other special purposes.

Information on affiliates in accounting shall include data on operations carried out by OJSC "Moscow United Electric Grid Company" and affiliates.

At the same time, an operation between OJSC "Moscow United Electric Grid Company" and an affiliate shall be considered any operation on transferring of any assets or liabilities between OJSC "Moscow United Electric Grid Company" and the affiliate.

Accounting of OJSC "Moscow United Electric Grid Company" shall disclose information on operations between OAO RAO "UES of Russia" and OJSC "Moscow United Electric Grid Company", as well as between OJSC "Moscow United Electric Grid Company" and other organizations entering the group.

Grounds: Paragraphs 2, 5 of Section I and Paragraph 14 of Section II of RAS 11/2000.

4.19.2. List of affiliates

List of affiliates information on which shall be disclosed in accounting shall be specified by OJSC "Moscow United Electric Grid Company" independently taking into account meeting of requirements on substance over form.

Grounds: Paragraph 10 of RAS 11/2000.

4.20. Accounting of state support.

Reflection of information on receiving and using of state support in accounting shall be carried out in accordance with the Regulations on accounting "State support accounting", AS 13/2000 approved by the Decree of the Russia Ministry of Finance No.92n as of 16 October 2000.

4.20.1. Classification of budget funds.

For purposes of accounting, budget funds shall be classified as follows:

Means for financing of capital expenses connected with purchase, building or purchase by other methods of non-current assets (fixed assets, etc.);

Means for financing of current expenses. They include budget funds differing from those aimed at financing of capital expenses.

Grounds: Paragraph 4 of Section I of RAS 13/2000.

4.20.2. Order of reflection of budget funds in accounting.

Budget funds taken for accounting shall be reflected in accounting as occurrence of purpose financing and debts on the assets.

Budget funds shall be considered in accounting due to actual receipt of resources.

Budget funds shall be retired from account of purpose financing as increase of financial results.

Simultaneously depreciation write-offs shall be accrued in general order regarding non-current assets purchased by means of budget funds and subject to depreciation in accordance with acting legislation

Write-off of budget funds from account of purpose financing shall be carried out systematically:

Amounts of budget funds for financing of capital expenses during the period of effective usage of non-current assets subject to depreciation in accordance with acting rules. At the same time, purpose financing shall be taken into account as future period incomes under putting of non-current assets into operation with further referring to financial results of OJSC "Moscow Regional Electric Grid Company" as extraordinary incomes within the period of effective usage of non-current assets objects in amount of accrued depreciation;

Amount of budget funds for financing of current expenses during the period of consideration of expenses for financing of which they are provided for.

Budget credits shall be reflected in accounting in general order specified for accounting of borrowings.

Remainder of funds at purpose financing account regarding budget funds provided for to OJSC "Moscow United Electric Grid Company" shall be reflected in accounting at account "Future period incomes".

Grounds: Paragraphs 7-9 of Section II, Paragraph 16 of Section III, Paragraph 20 of Section IV of RAS 13/2000.

4.21. Information on discontinuing activities.

Reflection of information on discontinuing activities in accounting shall be carried out in accordance with the Regulations on accounting "Information on discontinuing activities", RAS 16/02 approved by the Decree of the Russia Ministry of Finance No.66n as of 2 July 2002.

Disclosure of information on discontinuing activities.

OJSC "Moscow United Electric Grid Company" includes the following information on discontinuing activities in explanation note included in accounting:

Description of discontinuing activities;

Value of assets and liabilities of OJSC "Moscow United Electric Grid Company" expected for retirement or covering within the frameworks of discontinuing activities;

Amount of incomes, expenses, profits and losses before taxation as well as amount of accrued income tax referred to discontinuing activities;

Cash flows referred to discontinuing activities in structure of current, investment and financial activities in the current reporting period.

Grounds: Paragraph 11 of Section III of RAS 16/02.

4.22. Information on participation in joint activities.

Reflection of information on participation in joint activities in accounting shall be carried out in accordance with the Regulations on accounting "Information on participation in joint activities", RAS 20/03 approved by the Decree of the Russia Ministry of Finance No.105n as of 24 November 2003.

4.22.1. Joint operations.

Joint operations shall be considered implementation of a particular stage of production of production (implementation of works, rendering services using own assets) by every party of the agreement. At the same time, every party of the agreement shall reflect their part of expenses and liabilities as well as their share of economical advantages or incomes in accordance with conditions of the agreement.

Incomes, expenses, liabilities and assets under jointly carried out operations shall be taken into account by every party of the agreement separately in the share referring to the member in analytical accounting under corresponding control accounts of incomes, expenses, liabilities and assets.

Every party of the agreement shall carry out reflection of their share of production and (or) income from selling of production (implementation of works, rendering services) during reporting period in accordance with conditions of the agreement. At the same time, the member implementing the final stage of joint production process shall take into account shares of production of other parties of the agreement in balance. Provided that the agreement provides for selling of production (works, services), incomes subject to receiving by other parties of the agreement shall be reflected in accounting as liabilities for them.

Grounds: Paragraphs 6,7 Section II of RAS 20/03.

4.22.2. Jointly used assets.

Assets shall be considered joint provided that property is in joint usage of parties of the agreement with a determined share of every owner in property right (share property), and owners conduct an agreement to use the properties jointly for receiving of economical advantages or income. At the same time, every party of the agreement shall reflect their share of expenses and liabilities as well as their share of incomes from joint usage of assets in accounting according to conditions of the agreement.

Incomes, expenses and liabilities received as a result of joint usage of assets by every party of the agreement shall be taken into account separately in analytical accounting due to corresponding control accounts of incomes, expenses and liabilities. Assets owed by a party of the agreement due to share property right and paid by them as an investment shall be continued to be taken into account at corresponding accounts of accounting and shall not be transferred to the structure of financial investments. At the same time, an investment of a party of the agreement as well as financial results received from joint usage of assets shall not be separated to a separate account.

Every party of the agreement shall reflect their share of incomes received from joint usage of assets in accounting in the reporting period as well as liabilities and expenses they received due to implementation of the agreement.

Liabilities occurred directly at a party in connection with being a party of the agreement as well as their share in joint liabilities with other parties of the agreement shall be subject to reflection in accounting.

Expenses carried out directly by a party in connection with being a party of the agreement as well as their share in joint expenses with other parties of the agreement shall be subject to reflection in accounting.

Grounds: Paragraphs 9,10 of Section III of RAS 20/03.

4.22.3. Joint activities.

In accordance with Article 1041 of the Russian Federation Civil Code on joint activities agreement (agreement of simple partnership), two or several persons shall be obliged to joint their investment and act jointly without establishment of a legal entity for making profits.

In accordance with Article 1043 of the Russian Federation Civil Code, keeping of accounting of joint property may be decreed to one party of the legal entities agreement of simple partnership.

Assets considered investments under the agreement on joint activities shall be included by the partner organization in the structure of financial investments due to value at which they are reflected in accounting as of the date when the agreement came into force.

Under forming of financial result, every partner organization shall include profits or losses from joint activities in the structure of operational incomes of expenses which subject to receiving or distribution among partners.

Grounds: Paragraphs 12,13.14 of Section IV of RAS 20/03.

4.22.4. Disclosure of information in accounting.

Organization which is a party of the agreement on joint activities shall disclosure the following information on participation in joint activities in accounting:

- a) Purposes of joint activities (production, implementation of works, rendering services, etc.) and investment in it;
- b) Method of making economical advantage or income (jointly implemented operations, jointly used assets, joint activities);
- c) Classification of reporting segment (operational or geographical);
- d) Cost of assets and liabilities referring to joint activities;
- e) Amount of incomes, expenses, profits or losses referring to joint activities.

Disclosure of information in accounting by an organization on participation in joint activities shall be carried out in explaining not in accordance with rules specified by the Regulations on accounting "Information on segments", RAS 12/2000.

Grounds: Paragraphs 22 of Section V of RAS 20/03.

Senior Accountant

Sklyarova L.A.