
INFORMATION BULLETIN

**Restructuring of the Russian
power industry: results
achieved in 2005**



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Attention, please!

The forthcoming bulletin will be issued summarizing the results achieved in the first quarter of 2006.

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INTRODUCTION

Restructuring of the electric power industry is the transformation process, which started in 2000. The very first step was the development of the Concept by RAO "UES of Russia". Russian Federation Government Resolution № 526 of July 11, 2001 "On Restructuring of the Electric Power Industry of the Russian Federation" was the first normative act to regulate the changes to take place in electric power industry. Federal Laws of the Russian Federation, approved in the 1st quarter of 2003, identified the main trends and principles related to future functioning of the electric power industry in competitive conditions. Regulatory and legal framework being in force now includes more than 40 documents.

According to the Concept of RAO UESR's Strategy for 2005-2008 (the "5+5"), reorganization is aimed at increasing efficiency of power plants operating and creating conditions for electric power industry development on the basis of stimulation of investment activity.

Main goals and objectives of restructuring of RAO "UES of Russia" include:

- to ensure implementation of RAO UESR's restructuring plans, participate actively in suggesting to the Russian Federation Government in accordance with the Russian Federation legislation on restructuring of the power sector in the way which most suits the requirements and goals imposed by the State, as well as guarantees observance of rights and maximization of value for shareholders of RAO "UES of Russia";
- to provide consumers of companies, included in the configuration of RAO "UES of Russia", with reliable and sustainable electricity and heat supply during the transition period;
- to increase market value of both the RAO UESR Holding and companies being created during the restructuring process;
- to separate from RAO "UES of Russia" most efficient and investment attractive companies;
- to increase current efficiency and development of profile businesses of RAO "UES of Russia";
- to increase transparency of the company and improve corporate governance system, thus making the company business-oriented;
- to observe all rights and protect legitimate interests of shareholders of the company (not only of RAO "UES of Russia", but also of its subsidiaries and affiliates), including minority shareholders.

In this Information Bulletin on the Restructuring Process of RAO "UES of Russia", we offered for your consideration the results and key events related to the Company's restructuring in 2005. We hope that here you will be able to find the most complete and reliable information on the restructuring process.

At the end of this Information Bulletin you can find a list of RAO UESR's basic terms and definitions related to the restructuring of the electric power industry.



RESTRUCTURING OF RAO "UES OF RUSSIA" IN 2005

Development of the power market

The following changes took place in wholesale power market structure in 2005: the launch of the transition wholesale power (capacity) market model within the territory of UES of Siberia and the launch of the balancing market. All regional generation companies gained access to the wholesale market regulated sector.

Besides, in 2005 a lot of work has been completed to get ready for formation of new wholesale power market model based on the system of regulated bilateral contracts and for the transfer to this system in 2006. The ancillary services market was also being prepared for launch.

Changes in the company structure

Demonopolization of electric power generation and creation of conditions for attracting private investments are the two main factors that serve to launch and then to ensure effective functioning of competitive power market.

Due to reorganization of AO-Energos, a whole range of new energy companies has been created in the Russian power sector. They include generation, sales, repair and service companies. Newly established companies grow in size owing to interregional integration.

In the process of restructuring of RAO UESR's regional subsidiaries and affiliates in 2005, restructuring projects for 68 AO-Energo companies have been approved. 55 projects have been brought to the stage of state registration of newly created companies.

As of December 31, 2005 all seven WGCs have undergone state registration procedure. Preparations towards implementation of WGC target model have started: the RAO UESR Board of Directors approved HydroWGC target model and main terms and conditions of transition to a single share in WGC-3 and WGC-5.

All 14 TGCs (excluding TGC-12, which is being formed as per the non-basic model) have undergone state registration procedure. Twelve TGCs are now merging with regional generation companies. Formation of TGC-3 is completed: its shares are being traded on the stock market. Shares of other companies are now being prepared for admission to trading on the stock market.

The Unified National (All-Russian) Power Grid (UNPG) is further being consolidated: the model for establishment of interregional trunk grid companies (ITGCs) has been improved. RAO "UES of Russia" concluded contracts with most regional generation companies owning UNPG facilities. Under these contracts ITGC Center acquires rights of ownership and use of power grid facilities, which belong to UNPG. As of 2005, 45 ITGCs have undergone state registration procedure. Besides, a lot of preparatory work has been done to contribute RAO UESR-owned shares of trunk grid companies to FGC UES.

As a consequence, Interregional Trunk Grid Company will be formed, which will consolidate UNPG facilities. FGC UES will be its major shareholder.



At the stage of interregional integration, distribution grid companies are consolidated into holding companies - interregional distribution grid companies (IDGCs). By now all 4 IDGCs have undergone registration procedure and have started their operations.

In 2005 RAO "UES of Russia" concluded the agreement with FGC UES on the transfer of shares of IDGCs to trust management of FGC UES for the whole restructuring period. The conclusion of this contract aims at creating centralized management of the distribution grid complex and providing its reliable, efficient functioning and development.

As for sales companies established in the process of AO-Energo restructuring, types of "pilot" projects for disposition of their shares were approved. Further these companies will either gain the status of guaranteeing suppliers or be in charge of sales activity.

RAO UESR RESTRUCTURING SCHEDULE STATUS AS OF 31.12.2005

The Structural Reform: main directions	PBU*	lease-based TGCs total	merger-based TGCs total	including lease	other TGCs**	WGCs	IDGCs	ITGCs
Total number of restructuring (establishment) projects	72	14	12	5	2	7	4	7
Number of projects approved by the RAO UESR Board of Directors	68	14	12	10	2	7	4	7
<i>including those approved in 2005</i>	<i>16</i>	<i>8</i>	<i>8</i>	<i>3</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1***</i>
Number of projects with state registration stage implemented	55	13	11	5	2 (TGC-3, TGC-7)	7	4	7
<i>including those implemented in 2005</i>	<i>50</i>	<i>11</i>	<i>9</i>	<i>3</i>	<i>2 (TGC-3, TGC-7)</i>	<i>4</i>	<i>2</i>	<i>-</i>
Number of projects implemented	-	-	-	1 (TGC-3)	-	-	-	-
<i>including those implemented in 2005</i>	<i>46</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1 (TGC-3)</i>	<i>-</i>	<i>-</i>	<i>-</i>

PBU – projects for profile-based unbundling of AO-Energo companies

TGC – projects for establishing territorial generation companies

WGC – (Holding) – projects for establishing wholesale generation companies

IDGC – projects for establishing interregional distribution grid companies

ITGC – projects for establishing interregional trunk grid companies

*** 230 new companies have been established**

**** TGC-3 (Moscow Generation Company)** – to be established under Mosenergo unbundling

TGC-7 (Volga Territorial Generation Company) – to be established under restructuring of SMUEK (Samaraenergo, Saratovenergo, and Ulyanovskenergo) by the "non-basic" model

******* *The decision to modify the procedure involving split-off of UNPG facilities has been approved.*



RAO UESR RESTRUCTURING SCHEDULE FOR 2005-2007

Measure description	2004		2005				2006				2007			
	Period	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Profile-based unbundling of AO-Energy companies														
over current period	18	7	2	2	5	2	2*							
accumulative result	52	59	61	66	66	68	70*	72*						
including those that require adjustments	3	2**	2**	2**	2**	1**								
adjustments introduced	1	0	0	0	1	1								
(Kolenergo)					(Kubanenergo)	(Altaienergo)								
over current period	5	22	11	11	7	10	2	4	4***					
accumulative result	5	27	38	38	45	55	57	61	65***					
Formation of Territorial Generation Companies (TGC)														
Restructuring projects approved by the RAO UESR Board of Directors	9	3	0	0	1	1								
(TGC-1,3,5,7,8,9,10,13,14)		(TGC-2,4,6)			(TGC-11)	(TGC-12)								
Merger started	1	12	5	12	13	14	1		1*					
(TGC-4,5,6,8,9)		(TGC-11)			(TGC-11)	(TGC-14)			(TGC-12)					
Merger* accomplished								3	3	4	1	1	1*	
(TGC-5,8,9)								(TGC-2,4,6)	(TGC-2,4,6)	(TGC-14)	(TGC-7)	(TGC-12)	(TGC-12)	
Formation of Wholesale Generation Companies (WGC)														
Transition to unified shares (completion of placement of additional shares of WGCs, other than WGC-5)					1	1		4						
(WGC-5)		(WGC-3)			(WGC-5)	(WGC-3)		(WGC-1,2,4,6)						
Completion of WGC restructuring based on merger					1	2	1	6	4					
(WGC-3,5)		(WGC-3,5)						(WGC-1,2,4,6)						
Formation of Interregional Distribution Grid Companies (IDGC)														
IDGC of the Central and North Caucasus Regions (total: 31 DGCs)								23	25					26*
balance to be incl from the start								8	6					5
IDGC of the North-Western Region (total: 6 DGCs)								4	6					7*
balance to be incl from the start								3	1					0
IDGC of the Ural and Mid-Volga Regions (total: 15 DGCs)								8	11					12*
balance to be incl from the start								7	4					3
IDGC of Siberia (total: 9 DGCs)								3	6					7*
balance to be incl from the start								6	3					2
State registration of Trunk Grid Companies														
over current period	1	1	2	2	31	10	0	6	4					
accumulative result	1	2	4	4	35	45	45	51	55***					
State registration of Trunk Grid Companies														

* Indicative timeframe ** Restructuring continues (new projects) Altaienergo and Kubanenergo *** Indicative timeframe, excluding Sakhalinenergo, Kolymaenergo, Magadanenergo, and Altaienergo, Tyvaenergo, Chukotenergo

**** Altaienergo, Kalmenergo, Sevkavkazenergo, Tyvaenergo, and Yamalenergo excluded (timeframe of TrunkGCS split-off not yet determined)

RAO UESR RESTRUCTURING

In the process of restructuring RAO "UES of Russia" is undergoing major changes. Unbundling of AO-Energo companies by activity type has been practically completed.

Amalgamated companies have been established, following the principle of horizontal interregional integration.

Assets of generation and distribution grid companies are also being consolidated. Thus, the companies become comparable in size and functioning conditions, and none of the companies can have significant influence on formation of prices for electric power. This condition is necessary to ensure proper functioning of competitive power market.

The target model for wholesale generation companies (WGCs) involves transition to a single share, which helps to establish single management structure and to allow efficient trading on stock and capital markets.



RESTRUCTURING OF AO-ENERGO COMPANIES IN TERMS OF UNBUNDLING BY ACTIVITY TYPE

The requirement to split off core activities of existing AO-Energo companies was affirmed by the Russian Government Resolution № 526 of July 11, 2001 "The Main Directions of Electric Power Industry Reform". Pursuant to this Resolution, the RAO UESR Board of Directors developed and approved the "basic" model for AO-Energo restructuring. This "basic" model entails reorganization of AO-Energos in terms of their unbundling by activity type into generation, transmission and sales companies with proportional distribution of shares of newly established companies between shareholders of AO-Energos under reorganization. The RAO UESR Board of Directors approved a whole range of projects for AO-Energo restructuring, implemented individually in accordance with the schemes, different from the "basic" model. The second stage of the restructuring process includes interregional consolidation of mono-profile companies.

As of December 31, 2005 restructuring projects for 68 AO-Energo companies have been approved; 50 of them have been implemented in accordance with the "basic" model, and 18 - in accordance with the "non-basic" model. 47 projects have been fully implemented.

It is scheduled for 2006 to complete unbundling of AO-Energo companies by activity type.

KEY EVENTS

JANUARY 2005

January 17. Buryatenergo - The general meeting of shareholders of this AO-Energo decided to reorganize the company by separating *Buryatgeneration, Buryatenergobyty, Buryatian Trunk Power Grids, and Buryatian Management Company*.

FEBRUARY 2005

February 22. Khakasenergo (a wholly-owned subsidiary of RAO "UES of Russia") – The general meeting of shareholders of this AO-Energo (the RAO UESR Management Board) decided to reorganize the company by separating *Khakass Generation Company, Khakass Energy Management Company, Khakasenergobyty, and Khakas Trunk Grid Company*.

February 23. Orenburgenergo (a wholly-owned subsidiary of RAO "UES of Russia") – The general meeting of shareholders of this AO-Energo (the RAO UESR Management Board) decided to reorganize the company by separating *Orenburg Heat Generation Company, Irklino SDPP, Orenburgenergobyty, and Orenburg Trunk Power Grids*.

February 25. Board of Directors of RAO "UES of Russia" approved restructuring projects for:

- **Kurganenergo** - in accordance with the basic restructuring model, by separating *Kurgan Generation Company, Kurgan Power Sales Company, and Kurgan Trunk Grid Company*;
- **Kalmenergo** - in accordance with the non-basic restructuring model by establishing *Kalmenergobyty - a wholly-owned subsidiary of the company*.

MARCH 2005

March 5. Tyumenenergo (a wholly-owned subsidiary of RAO "UES of Russia") – The general meeting of shareholders (the RAO UESR Management Board) decided to reorganize the company by separating *Surgut SDPP-1, Surgut SDPP-2, Nizhnevartovsk SDPP, Urengoy SDPP, Tyumen Trunk Grid Company, Tyumen Regional Generation Company, and Tyumen Power Sales Company*.



March 23. The RAO UESR Board of Directors:

- Approved the projects for restructuring and financial rehabilitation of *Ingushenergo, Kabbalkenergo, Karachayevo-Cherkessenergo, and Sevkavkazenergo* controlled by *Caucasian Energy Management Company*;
- Approved restructuring project for *Kamchatskenergo*, which involves establishment of wholly-owned subsidiaries of the company, including *Kamchatka CHPs, Central Power Grids, Kamchatka Southern Power Grids, Pauzhetsk Geothermal Power Plant, Automobile Operating Company, and Kamchatka Heat Transporting Company*;
- Approved a 10-year lease of *Taimyrenenergo* assets by *Norilsk-Taimyr Energy Company* (being established by Taimyrenenergo together with Mining-And-Metallurgical Company Norilsk Nickel).

March 30. Kolenergo – The general meeting of shareholders of this AO-Energo decided to reorganize the company by separating *Kola Generation Company, Kola Power Sales Company, Kola Trunk Power Grids, Murmansk CHP, and Apatity CHP*.

March 31. Vologdaenergo – The general meeting of shareholders of this AO-Energo decided to reorganize the company by separating *Cherepovets SDPP, Vologda CHP, Vologda Sales Company, and Vologda Trunk Grids*.

March 31. Tomskenergo obtained state registration certificates for the separated companies: *Tomsk Energy Management Company, Tomsk Distribution Company, Tomsk Power Sales Company, Tomskenergoremont, Tomskelectrosetremont, and Tomsk Trunk Power Grids*.

APRIL 2005

April 1. State registration of **44 new companies** established under restructuring of *Arkhenenergo, Belgorodenergo, Mosenergo, Nizhnovenergo, Novgorodenergo, Orelenergo, Tulenergo, Permenergo, Stavropolenergo, and Sverdlovenergo*.

April 8. Lenenergo – The general meeting of shareholders of this AO-Energo decided to reorganize the company by separating *Petersburg Generation Company, North-Western Energy Management Company, Petersburg Sales Company, and Petersburg Trunk Grids*.

April 27. Kalmenergo – The Board of Directors of this AO-Energo decided to restructure the company as per the "non-basic" model and approved the lease of *Kalmenergo* assets required for core operations by *Kalmenergosbyt* operating company established by RAO "UES of Russia".

April 30. Krasnoyarskenergo – The general meeting of shareholders of this AO-Energo decided to reorganize the company by separating *Krasnoyarsk Generation, Krasnoyarskenergosbyt, Krasnoyarsk Trunk Grids, and Tyvaenergo-Holding*.

MAY 2005

May 1. State registration of *Kirovenergo Management Company, Kirovenergosbyt, and Vyatka Heat Power Company* established under *Kirovenergo restructuring*.

May 3. State registration of *Dagestan Heat Generation Company and Dagenenergo Management Company* established under *Dagenenergo restructuring*.

May 3. Tyumenenergo (a wholly-owned subsidiary of RAO "UES of Russia") – The general meeting of shareholders (the RAO UESR Management Board) approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies to be established: *Surgut SDPP-1, Surgut SDPP-2, Nizhnevartovsk SDPP, Urengoy SDPP, Tyumen Trunk Grid Company, Tyumen Region Generation Company, and Tyumen Power Sales Company*.



May 18. Omskenergo – The general meeting of shareholders approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies to be established: **Omsk Power Generation Company, Omsk Power Sales Company, Omsk Trunk Grid Company, and Omsk Management Company.**

May 23. Samaraenergo, Saratovenergo, and Ulyanovskenergo (non-basic restructuring project) – Extraordinary general meetings of shareholders of these companies established **Volga Territorial Generation Company, Volga Interregional Distribution Company, and Volga Interregional Power Sales Company.**

May 27. The RAO UESR Board of Directors approved the “basic” restructuring project for **Joint-Stock Power Company Komienergo.** According to this project, the company will be reorganized by separating **Komi Regional Generation Company, Komi Republic Trunk Power Grid, and Komi Power Sales Company.**

JUNE 2005

June 2. The general meeting of shareholders of **Buryatenergo** approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: **Buryatenergosbyt, Buryatian Trunk Power Grids, and Buryatian Management Company.**

June 24. The RAO UESR Board of Directors approved restructuring projects for **Kuzbassenergo** as per the “basic” model, which involves the company’s reorganization by separating **Kuzbass Regional Power Grid Company, Kuzbass Power Sales Company, and Kuzbassenergo Trunk Power Grids.**

JULY 2005

July 1. State registration of **Dagestan Regional Generation Company, Dagestan Power Sales Company,** and companies, separated from **Orenburgenergo, Tyumenenergo** and **Khakasenergo** as a result of their reorganization.

July 6. The Board of Directors of **Kubanenergo** decided to start reorganization of the company in terms of unbundling by activity type by separating **Kuban Generation Company, Kuban Power Sales Company, and Kuban Trunk Grids.**

July 12. The Board of Directors of **Kuzbassenergo** decided to start reorganization of the company in terms of unbundling by activity type by separating **Kuzbass Regional Power Grid Company, Kuzbass Power Sales Company, and Kuzbassenergo Trunk Grids.**

July 15. The Board of Directors of **Komienergo** decided to start reorganization of the company in terms of unbundling by activity type by separating **Komi Regional Generation Company, Komi Power Sales Company, and Komi Republic Trunk Power Grid.**

July 18. The joint meeting of founders of **Samaraenergo, Saratovenergo, and Ulyanovskenergo** decided to establish **Volga Territorial Generation Company,** approved the Article of Association and elected management bodies of the company.

AUGUST 2005

August. Pursuant to RAO UESR Management Board Decision No. 1167/pr2 of March 9, 2005, and RAO UESR Board of Directors Decision No. 194 of April 26, 2005, shares of **28 companies,** established under reorganization of **AO-Energos,** entered the organized markets, including shares of **21 companies,** that were admitted for trading by RTS Stock Exchange and MICEX.

August 3. State registration of **Omsk Power Generation Company, Omsk Management Company, and Omsk Power Sales Company,** which separated from **Omskenergo.**



August 5. The extraordinary general meeting of shareholders of *Kolenergo* approved Articles of Association and elected management bodies of the following companies to be established: *Kola Generation Company, Kola Power Sales Company, Kola Trunk Grids, Apatity CHP*, and *Murmansk CHP*.

August 17. The extraordinary general meeting of shareholders of *Vologdaenergo* approved Articles of Association and elected management bodies of the following companies to be established: *Cherepovets SDPP, Vologda CHP, Vologda Sales Company*, and *Vologda Trunk Grids*.

August 25. The extraordinary general meeting of shareholders of *Lenenergo* approved Articles of Association and elected management bodies of the following companies being established: *North-Western Power Management Company, Petersburg Generation Company, Petersburg Sales Company*, and *Petersburg Trunk Grids*.

August 18. The RAO UESR Board of Directors decided to amend the *Kalmenergo* restructuring project.

August 26. State registration of *Volga Interregional Distribution Company* (co-founders: *Samaraenergo, Saratovenergo*, and *Ulyanovskenergo*).

August 31. State registration of *Kostroma Trunk Grids* and *Yaroslavl Trunk Grids*, which separated from *Kostromaenergo* and *Yarenergo*, correspondingly.

SEPTEMBER 2005

September. Pursuant to RAO UESR Management Board's Decision No. 1167/pr2 of March 9, 2005, and RAO UESR Board of Directors' Decision No 194 of April 26, 2005, shares of **42 companies**, established under reorganization of AO-Energos, entered the organized markets, including the shares of **37 companies** that were admitted for trading by *RTS Stock Exchange and MICEX*.

September. The extraordinary general meeting of shareholders of **27 management companies**, established under reorganization of AO-Energos, decided to liquidate the companies.

September 1. State registration of **27 trunk grid companies**, separated from previously reorganized AO-Energos.

September 2. The Board of Directors of RAO "UES of Russia":

1. Approved the restructuring project for *electric power systems of the Far East Region* (Amurenergo, Dalenergo, Khabarovskenergo, Yakutskenergo (Southern Energy Region)), which involves unbundling of the existing electric power systems by activity type;
2. Under implementation of *Taimyrenego* restructuring project decided to alienate 100% of shares of the company, generation assets of which are a leasing property of Norilsk-Taimyr Power Management Company, at an open auction.

September 12. The general meeting of shareholders of *Krasnoyarskenergo* approved Articles of Association and elected management bodies of the following companies being established: *Krasnoyarsk Generation, Krasnoyarskenergobyt, Krasnoyarsk Trunk Grids*, and *Tyvaenergoholding*.

September 19. The extraordinary general meeting of shareholders of *Chitaenergo* decided to reorganize the company by separating *Chita Generation Company, Chita Power Sales Company* and *Chita Trunk Grids*.

September 30. The extraordinary general meeting of shareholders of *Samaraenergo* decided to reorganize the company by separating *Samara Territorial Generation Company, Samara Distribution Company*, and *Samara Trunk Company*.



September 30. The extraordinary general meeting of shareholders of *Saratovenergo* decided to reorganize the company by separating *Saratov Territorial Generation Company, Saratov Distribution Company, and Saratov Trunk Company*.

September 30. The extraordinary general meeting of shareholders of *Ulyanovskenergo* decided to reorganize the company by separating *Ulyanovsk Territorial Generation Company and Ulyanovsk Distribution Company*.

OCTOBER 2005

October. Pursuant to RAO UESR Management Board's Decision No. 1167/pr2 of March 9, 2005, and RAO UESR Board of Directors' Decision No 194 of April 26, 2005, shares of **46 companies**, established under reorganization of AO-Energos, entered the organized markets, including shares of **42 companies** that were admitted for trading by both *RTS Stock Exchange* and *MICEX*.

October 1. State registration of:

- companies, separated from *Vologdaenergo, Kolenergo, Lenenergo and Krasnoyarskenergo* as the result of their reorganization;
- trunk grid companies: *Orel Trunk Grid Company, Orenburg Trunk Power Grids*, separated from previously reorganized AO-Energos.

October 3. State registration of the following trunk grid companies: *Perm Trunk Grid Company and Sverdlovsk Trunk Grids*, separated from previously reorganized AO-Energos.

October 13. State registration of *North-Ossetian Hydrogeneration Company*.

October 28. State registration of *Kalmenergosbyt*.

October 29. State registration of *Karachaevo-Cherkess Hydrogeneration Company*.

NOVEMBER 2005

November. Pursuant to RAO UESR Management Board's Decision No. 1167/pr2 of March 9, 2005, and RAO UESR Board of Directors' Decision No 194 of April 26, 2005, shares of **56 companies, established under reorganization of AO-Energos**, entered the organized markets, including shares of **54 companies** that were admitted for trading by both *RTS Stock Exchange and MICEX*.

November 9. State registration of *Kabardino-Balkarian Hydrogeneration Company*, a wholly-owned subsidiary of *Kabbalkenergo*.

November 17. The extraordinary general meeting of shareholders of *Kurganenergo* decided to reorganize the company by separating *Kurgan Generation Company, Kurgan Power Sales Company, and Kurgan Trunk Grid Company*.

November 25. The RAO UESR Board of Directors:

- Approved the list of measures related to implementation of the first stage of *Yakutskenergo* restructuring project;
- Amended the project for restructuring and financial rehabilitation of AO-Energos companies, controlled by KEUK (*Ingushenergo, Kabbalkenergo, Karachaevo-Cherkessenergo, and Sevkavkazenergo*).

November 30. The extraordinary general meeting of shareholders of *Omsk Management Company* decided to liquidate the company.



DECEMBER 2005

December. Pursuant to RAO UESR Management Board's Decision No. 1167/pr2 of March 9, 2005, and RAO UESR Board of Directors' Decision № 194 of April 26, 2005, shares of **73 companies, established under reorganization of AO-Energos**, were admitted for trading by RTS Stock Exchange, NP RTS and MICEX.

December 1. State registration of **Petersburg Trunk Grids**, split off from **Lenenergo**, which has been previously reorganized in terms of unbundling by activity type (01.10.2005).

December 19. State registration of **Far East Generation Company**.

December 22. State registration of **Far East Distribution Grid Company**.

December 23. The RAO UESR Board of Directors amended the previously approved restructuring projects for **Altaienergo and Kuzbassenergo**.

December 27. The general meeting of shareholders of **Chitaenergo** approved Articles of Association and elected management bodies of the following companies being established: **Chita Generation Company, Chita Power Sales Company, Chita Trunk Grids**.

December 30. State registration of 7 new companies established under reorganization of **Buryatenergo and Chitaenergo**.

December 30. The extraordinary general meeting of shareholders of **Kuzbassenergo** decided to reorganize the company by separating **West Siberian CHP, South Kuzbass CHP, Kuzbass Regional Power Grid Company, Kuzbass Power Sales Company, and Kuzbassenergo Trunk Power Grids**.

December 30. The extraordinary general meeting of shareholders of **Kubanenergo** decided to reorganize the company by separating **Kuban Generation Company, Kuban Power Sales Company, and Kuban Trunk Grids**.

December 30. The extraordinary general meeting of shareholders of **Joint-Stock Energy Company Komienergo** decided to reorganize the company by separating **Komi Regional Generation Company, Komi Power Sales Company, and Komi Republic Trunk Power Grid**.



CHRONICLE OF EVENTS

Unbundling of AO-Energos, state registration of the new companies

As of December 31. A total of 230 new companies, separated from 55 AO-Energos, have undergone state registration procedure (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

January. State registration of 54 new companies, separated from 17 AO-Energos (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

February. State registration of 13 new companies, separated from 4 AO-Energos (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

March. State registration of 6 new companies, separated from 1 AO-Energo (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

April. State registration of 44 new companies, separated from 10 AO-Energos (including those separated from two previously reorganized AO-Energos, see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

May. State registration of 5 new companies, separated from 2 AO-Energos (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

June. State registration of 6 new companies, separated from 1 AO-Energo (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

July. State registration of 16 new companies, separated from 16 AO-Energos (including those separated from two previously reorganized AO-Energos, see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

August. State registration of 7 new companies, separated from 4 AO-Energos (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

September. State registration of 27 trunk grid companies, separated from previously reorganized AO-Energos (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

October. State registration of 23 new companies, separated from 8 AO-Energos (including those separated from one previously reorganized AO-Energo, see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

November. State registration of 1 new company, separated from 1 AO-Energo (see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).

December. State registration of 10 new companies, separated from 3 AO-Energos (including those separated from one previously reorganized AO-Energo, see the table “Dates of establishment of the new companies in the process of reorganization of AO-Energos”).



Measures to prepare issuable securities of the companies established under AO-Energo restructuring for the introduction to the organized market

June. Boards of Directors of the following companies, established under AO-Energo restructuring, approved their prospectuses:



Kaluga Generation Company	Lipetsk Generation Company
Kaluga Sales Company	Lipetsk Power Sales Company
Voronezh Generation Company	Ryazan Heat Supply Company
Voronezh Power Sales Company	Ryazan Power Sales Company
Heat Energy Company	Tambov Generation Company
Belgorod Sales Company	Tambov Power Sales Company
Bryansk Generation Company	Tver Generation Company
Bryansk Sales Company	Tver Power Sales Company
Volga Generation Company	Yaroslavl Power Company
Volgogradenergobyt	Yaroslavl Management Power Company
Kostroma Generation Company	Yaroslavl Sales Company
Kostroma Sales Company	Kursk Generation Company
Mari Regional Generation Company	Kurskenergobyt
Marienergobyt	Smolensk Generation Company
Udmurtian Territorial Generation Company	Smolenskenergobyt
Udmurtian Power Sales Company	Smolensk SDPP
Astrakhan Regional Generation Company	Chelyabinsk Generation Company
Astrakhan Power Sales Company	Mordovian Heat Network Company
	Mordovian Power Sales Company

July-December. Under the List of Measures to Ensure Liquidity of Securities of the RAO UESR subsidiaries and affiliates, approved by the Management Board's Decision No. 1167pr of March 9, 2005, measures to prepare issuable securities of the companies established under AO-Energo restructuring for the introduction to the organized market were completed, including:

■ July



<i>State registration of prospectuses of</i>	
Astrakhan Regional Generation Company	Mordovian Power Sales Company
Belgorod Sales Company	Penza Generation Company
Bryansk Generation Company	Penza Power Sales Company
Bryansk Sales Company	Smolensk SDPP
Volga Generation Company	Smolensk Generation Company
Kaluga Generation company	Smolenskenergobyt
Kaluga Sales Company	Tambov Power Sales Company
Kostroma Generation Company	Tambov Generation Company
Kostroma Sales Company	Tver Generation Company
Kursk Generation Company	Tver Power Sales Company
Kurskenergobyt	Heat Energy Company
Lipetsk Generation Company	Udmurtian Territorial Generation Company
Lipetsk Power Sales Company	Udmurtian Power Sales Company
Mari Regional Generation Company	Chelyabinsk Generation Company
Marienergobyt	Power Grid Company
↓ <i>Boards of Directors of the following companies approved their prospectuses</i>	
Novgorod power Sales Company	
Prioksk Territorial Generation Company	
Rostov Generation Company	



■ August

↓ *State registration of prospectuses of*

Voronezh Power Sales Company
Ryazan Heat Supply Company
Ryazan Power Sales Company
Yaroslavl Sales Company
Yaroslavl Power Company

Mordovian Generation Company
Astrakhan Power Sales Company
Volgogradenergobyt
Novgorod Sales Company

↓ *Boards of Directors of the following companies approved their prospectuses*

Rostovenergo Energobyt
Orel Sales Company
Orel Generation Company
Vyatka Heat Power Company

Kirovenergobyt
Chelyabenergobyt
Tomsk Power Sales Company
Nizhni Novgorod Sales Company

■ September

↓ *State registration of prospectuses of*

Nizhni Novgorod Generation Company
Novgorod Generation Company
Stavropol Power Generation Company
Prioksk Territorial Generation Company
Tula Sales Company
Orel Generation Company

↓ *Boards of Directors of the following companies approved their prospectuses*

Arkhangelsk Sales Company
Moscow Heat Network Company
Mosenergobyt
Penza Power Repair Company

■ October

↓ *State registration of prospectuses of*

Arkhangelsk Sales Company
Vyatka Power Heat Company
SDPP-24
Zagorsk HEPSP
Kirovenergobyt
Nizhni Novgorod Sales Company
Orel Sales Company

Penza Power Repair Company
Permenergospsecremont
Rostov Generation Company
Tomsk Power Sales Company
Chelyabenergobyt
Energobyt Rostovenergo

↓ *Boards of Directors of the following companies approved their prospectuses*

SDPP-4
SDPP-5
Dagestan Regional Generation Company
Dagestan Power Sales Company
Perm Power Sales Company

Sverdlovsk Generation Company
Sverdlovenergobyt
Stavropol Heat Generation Company
Yayva SDPP

■ November

↓ *State registration of prospectuses of*

Arkhangelsk Generation Company
Motor Vehicle Enterprise Yarenergoholding
Vyatka Power and Heat Company
Dagestan Power Sales Company
Dagestan Regional Generation Company
Mosenergobyt

Nizhni Novgorod Power and Repair Company
Permenergoremont
Tver Power and Repair Company
Tomsk Distribution Company
Yuzhnouralsk SDPP
Yayva SDPP



■ December

↓ *State registration of prospectuses of*

SDPP-4

SDPP-5

Dagestan Heat Generation Company

Moscow City Power Grid Company

Moscow Region Power Grid Company

Moscow Power and Heat Company

Mosenergosetstroy

Perm Generation Company

Perm Power Sales Company

Sverdlovsk Generation Company

Sverdlovsk Power Service Company

Sverdlovenergosbyt

Serov SDPP

Smolensk Power Repair Company

Stavropol Heat Generation Company

Stavropolenergosbyt

Tomskenergosetremont

Yarenergoremont-Holding

Launch of trading of shares issued by the companies established under AO-Energo restructuring

As of December 31. Securities of 73 companies established under AO-Energo restructuring were admitted for trading (securities of 72 companies – by RTS Stock Exchange, securities of 69 companies – by NP RTS, securities of 64 companies – by MICEX), including those admitted in:

■ August

↓ *RTS Stock Exchange*

Astrakhan Regional Generation Company

Belgorod Sales Company

Bryansk Generation Company

Bryansk Sales Company

Voronezh Generation Company

Volga Generation Company

Kaluga Generation company

Kaluga Sales Company

Kostroma Generation Company

Kostroma Sales Company

Kursk Generation Company

Kurskenergosbyt

Lipetsk Generation Company

Lipetsk Power Sales Company

Marienergosbyt

Smolensk Generation Company

Smolenskenergosbyt

Tambov Power Sales Company

Tambov Generation Company

Tver Generation Company

Tver Power Sales Company

Heat Energy Company

Udmurtian Territorial Generation Company

Udmurtian Power Sales Company

Yaroslavl Sales Company

Yaroslavl Power Company

↓ *MICEX*

Astrakhan Regional Generation Company

Belgorod Sales Company

Vladimir Generation Company

Vladimir Power Sales Company

Voronezh Generation Company

Volga Generation Company

Kaluga Generation company

Kaluga Sales Company

Kostroma Sales Company

Kursk Generation Company

Kurskenergosbyt

Lipetsk Generation Company

Lipetsk Power Sales Company

Marienergosbyt

Smolenskenergosbyt

Tambov Power Sales Company

Tambov Generation Company

Tver Power Sales Company

Heat Energy Company

Yaroslavl Sales Company

Yaroslavl Power Company



■ September

↓ *RTS Stock Exchange*

Astrakhan Power Sales Company
 Vladimir Generation Company
 Vladimir Power Sales Company
 Volgogradenergobyt
 Ivanovo Generation Company
 Ivanovo Power Sales Company
 Mari Regional Generation Company
 Mordovian Heat Network Company
 Mordovian Power Sales Company
 Novgorod Power Sales Company
 Penza Generation Company
 Penza Power Sales Company
 Ryazan Heat Supply Company
 Ryazan Power Sales Company
 Smolensk SDPP
 Chelyabinsk Generation Company

↓ *NP RTS*

Astrakhan Regional Generation Company
 Belgorod Sales Company
 Bryansk Generation Company
 Bryansk Sales Company
 Vladimir Generation Company
 Vladimir Power Sales Company
 Volgogradenergobyt
 Voronezh Generation Company
 Volga Generation Company
 Ivanovo Generation Company
 Ivanovo Power Sales Company
 Kaluga Generation Company
 Kaluga Sales Company
 Kostroma Generation Company
 Kostroma Sales Company
 Kursk Generation Company
 Kurskenergobyt
 Lipetsk Generation Company

■ October

↓ *RTS Stock Exchange*

Voronezh Power Sales Company
 Mordovian Generation Company

↓ *NP RTS*

Mordovian Generation Company

↓ *MICEX*

Astrakhan Power Sales Company
 Bryansk Generation Company
 Volgogradenergobyt
 Ivanovo Generation Company
 Ivanovo Power Sales Company
 Kostroma Generation Company
 Mari Regional Generation Company
 Mordovian Power Sales Company
 Novgorod Power Sales Company
 Penza Generation Company
 Penza Power Sales Company
 Ryazan Power Sales Company
 Smolensk Generation Company
 Tver Generation Company
 Udmurtian Territorial Generation Company
 Chelyabinsk Generation Company

↓ *NP RTS*

Lipetsk Power Sales Company
 Marienergobyt
 Mordovian Heat Network Company
 Mordovian Power Sales Company
 Penza Generation Company
 Penza Power Sales Company
 Smolensk Generation Company
 Smolenskenergobyt
 Tambov Generation Company
 Tambov Power Sales Company
 Tver Generation Company
 Tver Power Sales Company
 Heat energy Company (Belgorodenergo)
 Udmurtian Territorial Generation Company
 Udmurtian Power Sales Company
 Chelyabinsk Generation Company
 Yaroslavl Sales Company
 Yaroslavl Power Company

↓ *MICEX*

Mordovian Generation Company
 Ryazan Heat Supply Company
 Smolensk SDPP
 Udmurtian Power Sales Company
 Vyatka Power Heat Company



■ November

↓ *RTS Stock Exchange*

Arkhangelsk Sales Company
Vyatka Power and Heat Company
Kirovenergosbyt
Nizhni Novgorod Generation Company
Nizhni Novgorod Sales Company
Orel Generation Company
Rostov Generation Company
Tomsk Power Sales Company

↓ *NP RTS*

Voronezh Power Sales Company
Vyatka Power and Heat Company
Nizhni Novgorod Generation Company
Nizhni Novgorod Sales Company
Orel Generation Company
Rostov Generation Company
Tomsk Power Sales Company

■ December

↓ *RTS Stock Exchange*

SDPP-24
SDPP-4
SDPP-5
Dagestan Regional Generation Company
Dagestan Power Sales Company
Zagorsk HEPSPP
Moscow Heat Network Company
Mosenergosbyt
Orel Sales Company
Serov SDPP
Stavropol Power Generation Company
Tomsk Distribution Company
Chelyabenergosbyt
Rostovenergo Energobyt
Yuzhnouralsk SDPP
Yayva SDPP

↓ *NP RTS*

Arkhangelsk Sales Company
SDPP-24
SDPP-4
SDPP-5
Dagestan Regional Generation Company
Dagestan Power Sales Company
Zagorsk HEPSPP
Kirovenergosbyt
Moscow Heat Network Company

↓ *MICEX*

Arkhangelsk Sales Company
Mordovian Heat Network Company
Nizhni Novgorod Generation Company
Nizhni Novgorod Sales Company
Orel Generation Company
Rostov Generation Company
Tomsk Power Sales Company

↓ *MICEX*

Bryansk Sales Company
SDPP-24
Zagorsk HEPSPP
Kirovenergosbyt
Moscow City Power Grid Company
Moscow Heat Network Company
Orel Sales Company
Tomsk Distribution Company
Chelyabenergosbyt
Rostovenergo Energobyt

↓ *NP RTS*

Mosenergosbyt
Orel Sales Company
Serov SDPP
Stavropol Power Generation Company
Tomsk Distribution Company
Chelyabenergosbyt
Rostovenergo Energobyt
Yuzhnouralsk SDPP
Yayva SDPP



Approval of AO-Energo restructuring projects by the RAO UESR Board of Directors

February 25. The RAO UESR Board of Directors approved the following restructuring projects:

- Kurganenergo, as per the "basic" restructuring model by separating Kurgan Generation Company, Kurgan Power Sales Company, and Kurgan Trunk Grid Company;
- Kalmenergo, as per the "non-basic" restructuring model by establishing Kalmenergosbyt, a wholly-owned subsidiary of the company.

March 25. The RAO UESR Board of Directors:

1. Approved the projects for reorganization and financial rehabilitation of Ingushenergo, Kabbalkenergo, Karachayevo-Cherkesskenergo, and Sevkavkazenergo (all companies are controlled by Caucasian Energy Management Company). These projects are designed to legally separate activities (power generation, transmission and sale) performed by those AO-Energo companies which are controlled by Caucasian Energy Management Company, to reconcile their accounts payable to Stavropol SDPP, Nevinnomyssk SDPP, and Novocherkassk SDPP, and at the same time to separate generation facilities of Kabbalkenergo, Karachayevo-Cherkesskenergo, and Sevkavkazenergo so as to integrate them into the unified wholesale hydrogeneration company (HydroWGC). Besides, this project will make it possible to reconcile the accounts payable of the mentioned above AO-Energo companies to National Concern Rosenergoatom;

2. Approved the restructuring project for Kamchatskenergo, which involves that this AO-Energo will be a sole founder of the following companies:

- Kamchatka CHPs – on the basis of generation facilities of CHP-1 and CHP-2 branch offices,
- Central Power Grids – on the basis of Central Power Grids' branch office,
- Kamchatka Southern Power Grids – on the basis of Southern Power Grids' branch office,
- Pauzhetsk Geothermal Power Plant – on the basis of Geothermal Energetica (Geothermal Power Generation) branch office;
- Automobile Operating Company – on the basis of Kamchatskenergospetsremont branch office,
- Kamchatka Heat Transporting Company – on the basis of heating networks of CHP-2 branch office.

The Board of Directors of RAO "UES of Russia" also approved reorganization of Southern Power Grids (a wholly-owned subsidiary of Kamchatskenergo) in terms of a merger with and into Kamchatka Southern Power Grids;

3. Approved participation of the company in Norilsk-Taimyr Energy Company (NTEC), which means that the company will be jointly established by Mining-And-Metallurgical Company Norilsk Nickel and the assets of Taimyrenero (a wholly-owned subsidiary of the company) will be leased by NTEC for 10 years.

The Board of Directors charged the Management Board of the Company with the task of preparing an offer for the sale of Taimyrenero and then submitting it for the Board of Directors' approval (all this to be done by the end of 2005), and supported the suggestion made by the Strategy and Reform Committee that the Management Board should be charged with the task of developing both a mechanism for distribution of Taimyrenero shares between the RAO UESR shareholders and a scheme under which HydroWGC will include Taimyrenero assets.

May 27. The RAO UESR Board of Directors approved the restructuring project for Joint-Stock Energy Company Komienergo (AEK Komienergo) as per the basic model, which involves reorganization of this company by separating Komi Regional Generation Company, Komi Republic Trunk Power Grid, and Komi Power Sales Company. According to the separation balance sheet, in the process of reorganization Komi Republic Trunk Power Grid will acquire power grid facilities of AEK Komienergo belonging to the Unified National (All-Russian) Power Grid (UNPG) and cash assets in the amount necessary to pay expenses. This decision will come into force when RAO "UES of Russia", the Government of the Komi Republic, and AEK Komienergo sign the agreement on reorganization of the company.



June 24. The Board of Directors of RAO "UES of Russia" approved the restructuring project for Kuzbassenergo as per the "basic" model by separating Kuzbass Regional Power Grid Company, Kuzbass Power Sales Company, and Kuzbassenergo Trunk Power Grids, which will own facilities of the electric power complex of the Unified National (All-Russian) Power Grid (UNPG).

August 18. The RAO UESR Board of Directors decided to amend its previously approved (Minutes No. 188 of February 25, 2005) "non-basic" restructuring project of Kalmenergo. This decision involves an increase in the authorized capital of Kalmenergosbyt (the RAO UESR wholly-owned subsidiary established under reorganization of the company) up to RUR 5 million. Besides, the Kalmenergo restructuring project is designed to provide Kalmenergosbyt with core business assets. This will be achieved through the company's lease of Kalmenergo assets with the company having the right to purchase them later. Further, Kalmenergosbyt will gain the status of a guaranteeing supplier in the Republic of Kalmykia.

September 2. The RAO UESR Board of Directors:

1. Approved the restructuring project for energy systems of the Far East (Amurenergo, Dalenergo, Khabarovskenergo, Yakutskenergo (Southern Energy Region)), which involves a whole range of measures concerning unbundling of AO-Energo companies by activity type, including:

- Establishment of the Far East Generation Company on the basis of generation and heating network assets of Dalenergo, Khabarovskenergo, Amurenergo, LuTEK, and Yakutskenergo (Southern Energy Region). Far East Energy Company is to become its only shareholder (after reorganization of the Far East energy companies is completed);
- Establishment of the Far East Distribution Grid Company on the basis of distribution network assets of Dalenergo, Khabarovskenergo, Amurenergo, and Yakutskenergo (Southern Energy Region). Far East Energy Company is to become its only shareholder (after reorganization of the Far East energy companies is completed);
- Separation of UNPG facilities owned by Dalenergo, Khabarovskenergo, Amurenergo, and Yakutskenergo (Southern Energy Region) by establishing their wholly-owned subsidiaries. This process will be accompanied by contribution of UNPG facilities to the company's authorized capital. Further, the established companies will merge with and into ITGC Center;
- Establishment of the Unified Holding Company, namely Far East Power Management Company, on the basis of the assets of Dalenergo, Khabarovskenergo, Amurenergo, Yakutskenergo and LuTEK.

2. Approved the list of measures (which are carried out simultaneously) designed to implement the restructuring project for the Far East energy systems:

- Establishment of the wholly-owned subsidiary of Yakutskenergo, namely Southern Yakutskenergo. Its authorized capital will be paid for by the property owned by Yakutskenergo Southern Energy Zone;
- Establishment of the Far East Energy Management Company by reorganization of Khabarovskenergo, LuTEK, Amurenergo, Southern Yakutskenergo, and Dalenergo in terms of a merger;
- Establishment of the wholly-owned subsidiary (Far East Generation Company) by one of AO-Energo companies located in the Far East;
- Establishment of the wholly-owned subsidiary (Far East Distribution Grid Company) by one of AO-Energo companies located in the Far East;
- Increase in the Far East Generation Company's authorized capital, which will be done by placing additional shares. These shares will be paid for by generation and heating network assets of Dalenergo, Khabarovskenergo, Amurenergo, LuTEK and Southern Yakutskenergo;
- Increase in the Far East Distribution Grid Company's authorized capital, which will be done by placing additional shares. These shares will be paid for by distribution network assets of Dalenergo, Khabarovskenergo, Amurenergo, and Southern Yakutskenergo;
- Establishment of the wholly-owned subsidiaries by Dalenergo, Khabarovskenergo, Amurenergo, Yakutskenergo - Primorsk Trunk Grid Company, Khabarovsk Trunk Grid Company, Amur Trunk Grid Company, Yakutsk Trunk Grid Company correspondingly, whose authorized capitals are to be paid for by UNPG facilities of corresponding AO-Energo companies;
- Merger of Primorsk Trunk Grid Company, Khabarovsk Trunk Grid Company, Amur Trunk Grid Company, Yakutsk Trunk Grid Company with and into ITGC Center.

3. Under implementation of Taimyrenenergo restructuring project the RAO UESR Board of Directors decided to sell 100% of the company's shares at an open auction. Generation assets of Taimyrenenergo are a leasing property of Norilsk-Taimyr Energy Management Company.



October 28. Under implementation of Taimyrenergo restructuring project the RAO UESR Board of Directors approved the schedule of measures designed to prepare the company's shares for open auction sale and then to conduct this auction, including:

- pursuant to RAO UESR Board of Directors' Decision, to implement measures designed to appraise the market value of Taimyrenergo shares and to coordinate the appraisal report with both the Appraisal Committee under the RAO UESR Board of Directors and State Financial Controlling Body;
- to arrange sales of Taimyrenergo shares taking into account adjustments provided by legislation;
- to engage an Agent to organize an open auction.

Pursuant to RAO UESR Board of Directors' Decision all measures to prepare and organize trading of Taimyrenergo shares are scheduled to be completed by March 31, 2006.

November 25. The RAO UESR Board of Directors:

1. Approved the list of measures designed to implement the first stage of Yakutskenergo restructuring project. The measures serve to enhance reliability of Sacha Republic (Yakutia) Energy System, to increase its capitalization and investment attractiveness, to liquidate cross funding between regions and to keep tariffs for thermal and electric power down, including:

- establishment of wholly-owned subsidiaries - Energotranssnab and Teploenergoservice;
- reorganization of Yakutskenergo by separating South-Yakutsk Power Company, which will acquire assets participating in the establishment of Far East Power Company;
- takeover of South-Yakutsk Power Company by Far East Power Company.

2. Amended projects for sanation and financial rehabilitation of AO-Energo companies, controlled by KEUK (Ingushenergo, Kabbalkenergo, Karachaevo-Cherkessenergo, and Sevkavkazenergo), which was approved by the RAO UESR Board of Directors on March 25, 2005. These amendments imply that shares of hydrogeneration companies, established under implementation of the project for sanation and financial rehabilitation of AO-Energos controlled by KUEK, will be sold to companies belonging to HydroWGC, including:

- shares of North-Ossetian Hydrogeneration Company (state registration date - October 29, 2005) are to be sold to Zaramagsk HEPPs;
- shares of Karachaevo-Cherkessk Hydrogeneration Company (state registration date - October 29, 2005) are to be sold to Zelenchuki HEPPs;
- shares of Kabardino-Balkarian Hydrogeneration Company (state registration date - November 11, 2005) are to be sold to the Cascade of Nizni-Chereksk HEPPs.

December 23. The RAO UESR Board of Directors amended the previously approved restructuring projects for Altaienergo and Kuzbassenergo, and approved:

1. Kuzbassenergo restructuring by splitting into the following companies:

- Kuzbassenergo - Regional Power Grid Company, without changing the shareholder structure;
- Kuzbass Power Sales Company, without changing the shareholder structure;
- Kuzbassenergo Trunk Power Grids, without changing the shareholder structure and then transferring to it (pursuant to separation balance sheet) UNPG facilities of Kuzbassenergo power grid complex and monetary funds at volumes required to recover costs;
- South-Siberian CHP, which involves property of South-Siberian CHP as its main asset;
- South-Kuzbass SDPP, which involves the following assets: property of South-Kuzbass SDPP and attached heating networks.

2. Acquisition by Kuzbassenergo of 50% + 1 share of South-Siberian SDPP and South-Kuzbass SDPP with subsequent sale of their shares in an open auction;

3. Distribution of other shares of South-Siberian SDPP and South-Kuzbass SDPP between shareholders of Kuzbassenergo in quantities allowed by the Russian Federation legislation in proportion to the number of shares they own;

4. Unbundling by activity type and financial rehabilitation of Altaienergo by means of separating power sales activities from other ones into a separate legal entity; sale of property used for electric and thermal power generation and thermal power transmission and of UNPG facilities, including:

- lend-lease of Altaienergo generation and heating network assets to Kuzbassenergo with their subsequent sale;
- incorporation by RAO UES of Russia of Altaienergosbyt, which will purchase Altaienergo-owned property necessary to run power sales activities at prices set by an independent appraisal company;
- alienation by Altaienergo of its UNPG facilities.



Extraordinary general meetings of shareholders on reorganization of the companies

January 17. Buryatenergo – The general meeting of shareholders approved reorganization of the company by separating Buryatgeneration, Buryatenergosbyt, Buryatian Trunk Power Grids, and Buryatian Management Company.

February 22. Khakasenergo (a wholly-owned subsidiary of RAO “UES of Russia”) – The general meeting of shareholders (Management Board of RAO “UES of Russia”) approved reorganization of the company by separating Khakas Generation Company, Khakas Power Management Company, Khakasenergosbyt, and Khakas Trunk Company.

February 23. Orenburgenergo (a wholly-owned subsidiary of RAO “UES of Russia”) – The general meeting of shareholders (Management Board of RAO “UES of Russia”) approved reorganization of the company by separating Orenburg Heat Generation Company, Irikliino SDPP, Orenburgenergosbyt, and Orenburg Trunk Power Grids.

March 5. Tyumenenergo (a wholly-owned subsidiary of RAO “UES of Russia”) – The extraordinary general meeting of shareholders (Management Board of RAO “UES of Russia”) decided to reorganize the company by separating Surgut SDPP-1, Surgut SDPP-2, Nizhnevartovsk SDPP, Urengoy SDPP, Tyumen Trunk Grid Company, Tyumen Regional Generation Company, Tyumen Power Sales Company.

March 30. Kolenergo – The extraordinary general meeting of shareholders decided to reorganize the company by separating Kola Generation Company, Kola Power Sales Company, Kola Trunk Power Grids, Murmansk CHP, Apatity CHP.

March 31. Vologdaenergo – The extraordinary general meeting of shareholders decided to reorganize the company by separating Cherepovets SDPP, Vologda CHP, Vologda Power Sales Company, Vologda Trunk Grids.

April 8. Lenenergo – The general meeting of shareholders decided to reorganize the company by separating Petersburg Generation Company, North-Western Energy Management Company, Petersburg Sales Company, and Petersburg Trunk Grids.

April 30. Krasnoyarskenergo – The general meeting of shareholders decided to reorganize the company by separating Krasnoyarsk Generation, Krasnoyarskenergosbyt, Krasnoyarsk Trunk Power Grids, and Tyvaenergo-Holding.

September 19. Chitaenergo – The Board of Directors decided to reorganize the company by separating Chita Generation Company, Chita Power Sales Company, and Chita Trunk Grids.

November 17. Kurganenergo – The extraordinary general meeting of shareholders decided to reorganize the company by separating Kurgan Generation Company, Kurgan Power Sales Company, and Kurgan Trunk Grid Company.

December 30. Kuzbassenergo – The extraordinary general meeting of shareholders decided to reorganize the company by separating West-Siberian CHP, South-Kuzbass CHP, Kuzbassenergo Regional Power Grid Company, Kuzbass Power Sales Company, Kuzbassenergo Trunk Power Grids.

December 30. Kubanenergo – The extraordinary general meeting of shareholders decided to reorganize the company by separating Kuban Generation Company, Kuban Power Sales Company, and Kuban Trunk Grids.

December 30. Joint-Stock Energy Company Komienergo (AEK Komienergo) – The extraordinary general meeting of shareholders decided to reorganize the company by separating Komi Regional Generation Company, Komi Power Sales Company, and Komi Republic Trunk Power Grid.



General meetings of shareholders to approve Articles of Association and elect management bodies of the companies being established

January 17. Tomskenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Tomsk Power Management Company, Tomsk Power Sales Company, Tomsk Distribution Company, Tomsk Trunk Grids, Tomskenergoremont, and Tomskelectrosetremont.

February 15. Tulenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Prioksk Territorial Generation Company, Tula Sales Company, Tula Trunk Grid Company, and Tula Energy Management Company.

February 16. Arkhenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Arkhangelsk Generation Company, Arkhangelsk Sales Company, and Arkhangelsk Trunk Grid Company.

February 16. Novgorodenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Novgorod Generation Company, Novgorod Power Sales Company, and Novgorod Energy Management Company.

February 16. Stavropolenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Stavropol Power Generation Company, Stavropolenergosbyt, Stavropol Heat Generation Company, and Stavropol Management Company.

February 28. Mosenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Management Energy Company, Trunk Grid Company, Moscow City Power Grid Company, Moscow Heat Network Company, Moscow Region Power Grid Company, Mosenergosbyt, Specialized Planning and Design Office For Repairs and Reconstruction, Mosteplosetremont, Mosenergoset-stroy, SDPP-4, SDPP-5, SDPP-24, and Zagorsk HEPSPP.

March 10. Khakasenergo (a wholly-owned subsidiary of RAO “UES of Russia”) - The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Khakas Generation Company, Khakas Energy Management Company, Khakasenergosbyt, Khakas Trunk Grid Company.

March 10. Orenburgenergo (a wholly-owned subsidiary of RAO “UES of Russia”) - The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Orenburg Heat Generation Company, Irikliinsk SDPP, Orenburgenergosbyt, Orenburg Trunk Power Grids.

May 3. Tyumenenergo (a wholly-owned subsidiary of RAO UES of Russia) - Under the competence of the general meeting of shareholders, the RAO UESR Management Board approved Articles of Association and elected executive bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Surgut SDPP-1, Surgut SDPP-2, Nizhnevartovsk SDPP, Urengoy SDPP, Tyumen Trunk Grid Company, Tyumen Region Generation Company, and Tyumen Power Sales Company.



May 18. Omskenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Omsk Power Generation Company, Omsk Power Sales Company, Omsk Trunk Grid Company, and Omsk Management Company.

June 2. Buryatenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Buryatgeneration, Buryatenergosbyt, Buryatian Trunk Power Grids, and Buryatian Management Company.

August 5. Kolenergo – The extraordinary general meeting of shareholders of the company approved Articles of Association and elected management bodies of the following companies being established: Kola Generation Company, Kola Power Sales Company, Kola Trunk Grids, Apatity CHP, and Murmansk CHP.

August 17. Vologdaenergo – The extraordinary general meeting of shareholders of the company approved Articles of Association and elected management bodies of the following companies being established: Cherepovetsk SDPP, Vologda CHP, Vologda Sales Company, and Vologda Trunk Grids.

August 25. Lenenergo – The extraordinary general meeting of shareholders of the company approved Articles of Association and elected management bodies of the following companies being established: North-Western Power Company, Petersburg Generation Company, Petersburg Sales Company, and Petersburg Trunk Grids.

September 12. Krasnoyarskenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies (Board of Directors, Auditing Committee, and Director General) of the following companies being established: Krasnoyarsk Generatsiya, Krasnoyarskenergosbyt, Krasnoyarsk Trunk Power Grids, and Tyvaenergoholding.

December 27. Chitaenergo – The general meeting of shareholders of the company approved Articles of Association and elected management bodies of the following companies being established: Chita Generation Company, Chita Power Sales Company, and Chita Trunk Grids.

The Board of Directors of RAO “UES of Russia” on restructuring of the companies

July 1. The RAO UESR Board of Directors decided to liquidate 34 management companies, established under AO-Energo restructuring. The RAO UESR Board of Directors also approved the decision to sell RAO UESR-owned shares of these companies to persons, not affiliated with RAO “UES of Russia” (the RAO UESR Group), provided that the general meeting of shareholders of any of these companies fails to decide on liquidation.

July 29. The RAO UESR Board of Directors amended the previously approved (*on October 31, 2003, №152*) restructuring project for Kubanenergo, which involves separation of trunk grids from this AO-Energo. The RAO UESR Board of Directors decided to reorganize the company by separating Kuban Trunk Grids. According to the separation balance sheet, Kuban Trunk Grids will acquire both facilities of the power grid complex belonging to the Unified National Power Grid (UNPG) and the part of Kubanenergo’s accounts payable to FGC UES.



The Board of Directors of AO-Energo companies to launch reorganization

March 21. Kurganenergo – The Board of Directors decided to reorganize the company in terms of unbundling by activity type into Kurgan Generation Company, Kurgan Power Sales Company, and Kurgan Trunk Grid Company. The sole executive body of the company was entrusted with the following tasks: to prepare and submit to the Chairman of the Board of Directors a draft of the separation balance sheet as of March 31, 2005, and to select an independent appraiser for purchasing purposes (this should be done before May 15, 2005 through a competitive selection process).

March 30. Kurganenergo – competitive selection of an independent appraiser was announced. The independent appraiser is to be responsible for appraising the market value of the company's shares as far as their buy-out is concerned. The shares of the company will be bought from those shareholders who voted against or did not participate in voting when the issue of the company's reorganization was discussed at the general meeting of shareholders.

April 22. Kurganenergo – The Board of Directors of the company approved the candidacy of an independent appraiser, (namely International Appraisal Center) to appraise the market value of the company's shares as far as their buy-out is concerned. The shares of the company will be bought from those shareholders who voted against or did not participate in voting when the issue of the company's reorganization was discussed at the general meeting of shareholders.

July 6. Kubanenergo – The Board of Directors decided to start reorganization of the company in terms of unbundling by activity type into Kuban Generation Company, Kuban Power Sales Company, and Kuban Trunk Grids.

July 12. Kuzbassenergo – The Board of Directors decided to start reorganization of the Company in terms of unbundling by activity type into Kuzbass Regional Power Grid Company, Kuzbass Power Sales Company, and Kuzbassenergo Trunk Grids. The sole executive body of the company was entrusted with the following tasks: to prepare and submit to the Chairman of the Board of Directors a draft project for the separation balance sheet as of June 30, 2005, and to select an independent appraiser for purchasing purposes (this should be done before August 10, 2005) through a competitive selection process).

July 15. Komienergo - The Board of Directors of decided to start reorganization of the Company in terms of unbundling by activity type into Komi Regional Generation Company, Komi Power Sales Company, and Komi Republic Trunk Power Grid. The sole executive body of the company was entrusted with the following tasks: to prepare and submit to the Chairman of the Board of Directors a draft project for the separation balance sheet as of June 30, 2005, and to select an independent appraiser for purchasing purposes (this should be done before August 10, 2005 through a competitive selection process).

Initial balance sheets formation results for separated companies

April-May. Boards of Directors considered the Directors' General reports on the results of formation of actual initial balance sheets of the companies, established under restructuring of:

↓ *April*

Astrakhanenergo
Vladimenergo
Ivenergo
Kostromaenergo
Lipetskenergo
Marienergo
Udmurtenergo
Chuvashenergo
Ryazanenergo

↓ *May*

Karelenenergo
Kurskenergo
Mordovenergo
Ryazanenergo
Rostovenergo
Smolenskenergo
Tambovenergo
Chelyabenergo
Yarenergo



May-September. Boards of Directors considered the Directors' General reports on the results of actual initial balance sheets formation of the following companies:

↓ *May*

Nizhni Novgorod Generation Company

↓ *June*

Penza Generation Company

Kurskenergo

Rostovenergo

Rostovenergo Energosbyt

Prioksk Territorial Generation Company

Tula Sales Company

Novgorod Generation Company

Novgorod Power Sales Company

Volzhskaya Generation Company

Volgogradenergobyt

↓ *July*

SDPP-24

SDPP-5

Nizhni Novgorod Sales Company

Nizhni Novgorod Power Repair Company

Novgorod Power Management Company

Novgorodenergo

Orelenergo

Perm Generation Company

Perm Power Sales Company

Perm Power Management Company

Permenergo

Rostov Generation Company

Sverdlovsk Generation Company

Sverdlovsk Power Management Company

Sverdlovsk Power Service Company

Sverdlovenergo

Sverdlovenergosbyt

Tomskenergo

Tomsk Power Sales Company

Tomsk Power Management Company

Tomsk Trunk Grids

Tomskenergoremont

Tomskelectrosetremont

Tula Power Management Company

Tulenergo

Management Power Company (Mosenergo)

Yayva SDPP

↓ *August*

Arkhenergo

Arkhangelsk Sales Company

Mosteplosetenergoremont

SDPP-4

Nizhnovenergo

Orel Generation Company

Orel Sales Company

Zagorsk HEPSPP

Sverdlovsk Power Service Company

Tomskenergoremont

Tomskelectrosetremont

Serov SDPP

↓ *September*

Dagestan Heat Generation Company

Dagenergo Management Company

Moscow Region Power Grid Company

Vyatka Heat Power Company

Khakasenergobyt

Mosenergobyt

Stavropol Heat Generation Company

↓ *October*

Dagestan Power Sales Company

Dagestan Regional Generation Company

Kirovenergo

Khakasenergo

Khakas Generation Company

Khakas Trunk Grid Company

Khakas Power Management Company

↓ *November*

Orenburgenergobyt

Orenburg Heat and Generation Company

Tomsk Distribution Company

↓ *December*

Iriklinsk SDPP

Krasnoyarsk Generation

Krasnoyarskenergobyt

Orenburgenergo



Measures to liquidate management companies established under AO-Energo restructuring (pursuant to RAO UESR Board of Directors Decision №199 of July 1, 2005)

September. Extraordinary general meetings of shareholders of management companies, established under AO-Energo restructuring, decided to liquidate the companies, including:

↓ *September 2. The general meeting of shareholders of*

KareleNERGO Management Company

Chuvashi Management Company,

(a wholly-owned subsidiary of RAO UES of Russia; the general meeting of shareholders - the RAO UESR Management Board)

↓ *September 26. The general meeting of shareholders of*

Astrakhan Power Management Company

Bryansk Power Management Company

Voronezh Management Power Company

Kursk Power Management Company

Lipetsk Power Management Company

Mari Regional Management Company

Novgorod Power Management Company

Mordova Power Management Company

Orel Power Management Company

Perm Power Management Company

Ryazan Management Company

Sverdlovsk Power Management Company

Smolensk Management Power Company

Stavropol Management Company

Tambov Power Management Company

Tver Management Power Company

Tula Power Management Company

Udmurtian Management Power Company

Volga-Don Power Complex Management Company

KirovENERGO Management Company

RostovENERGO Management Company

Yaroslavl Management Power Company.

↓ *September 30. General meeting of shareholders of*

Ivanovo Management Power Company

Nizhni Novgorod Management Company

Tomsk Power Management Company

October. Extraordinary general meetings of shareholders of management companies established under AO-Energo restructuring, decided to liquidate the companies, including:

↓ *October 5*

The General Meeting of shareholders of Chelyabinsk Management Power Company

↓ *October 10*

The General Meeting of shareholders of Vladimir Power Company

↓ *October 14*

The General Meeting of shareholders of Penza Power Management Company



November 24. Boards of Directors of the following companies scheduled it for 11.01.06 to convene extraordinary general meetings of shareholders to approve interim liquidation balance sheets:

- Astrakhan Power Management Company
- Lipetsk Power Management Company
- Mari Regional Management Company
- Orel Power Management Company
- Ryazan Management Company
- Smolensk Management Power Company
- Tambov Power Management Company
- Tula Power Management Company
- Udmurtian Management Power Company
- Volga-Don Power Complex MC
- Kirovenergo Management Company.

November 29. The Board of Directors of Stavropol Management Company scheduled it for 13.01.2006 to hold the extraordinary general meeting of shareholders to liquidate the Company.

November 30. The extraordinary general meeting of shareholders of Omsk Management Company decided to liquidate the company.

December. Boards of Directors of management companies scheduled the following extraordinary general meetings of shareholders to approve interim liquidation balance sheets for:

■ **01.12.2005**

↓ *EGM is scheduled for 18.01.2006*

- Bryansk Power Management Company
- Novgorod Power Management Company
- Tver Management Power Company
- Rostovenergo Management Company
- Yaroslavl Management Power Company

■ **15.12.2005**

↓ *EGM is scheduled for 30.01.2006*

- Mordovian Power Management Company

■ **19.12.2005**

↓ *EGM is scheduled for 03.02.2006*

- Sverdlovsk Energy Management Company

■ **29.12.2005**

↓ *EGM is scheduled for 13.02.2006*

- Tomsk Energy Management Company.

December 28. Extraordinary general meetings of shareholders of Kursk Energy Management Company and Management Company Kirovenergo approved interim liquidation balance sheets.



Implementation of the "non-basic" reform projects

I. Restructuring of AO-Energo Companies, controlled by KEUK (Ingushenergo, Kabbalkenergo, Karachaevo-Cherkessenergo and Sevkavkazenergo):

July 1. The Board of Directors of Sevkavkazenergo approved the choice of an independent appraiser (Institute for Evaluation of Property and Financial Operations) to appraise the market value of the property to be included in the authorized capital of established North-Ossetian Hydrogeneration Company.

July 15. The Board of Directors of Kabbalkenergo approved the choice of an independent appraiser (Institute for Evaluation of Property and Financial Operations) to appraise the market value of the property to be included in the authorized capital of established Kabardino-Balkarian Hydrogeneration Company.

July 15. The Board of Directors of Karachayevo-Cherkessenergo approved the choice of an independent appraiser (Agency for Property Evaluation and Expertise Discount) to appraise the market value of the property to be included in the authorized capital of established Karachayevo-Cherkess Hydrogeneration Company.

August 17. Boards of Directors approved the choice of appraisers to appraise the market value of power network property of these companies to be a payment for additionally issued shares of Caucasian Energy Management Company:

↓ *Karachayevo-Cherkessenergo*

Central Finance and Appraisal Company

↓ *Kabbalkenergo*

Institute for Evaluation of Property and Financial Operations

↓ *Ingushenergo*

Central Finance and Appraisal Company.

September 23. The Board of Directors of Karachaevo-Cherkessenergo decided that the company should participate in Karachaevo-Cherkess Hydrogeneration Company.

September 23. The Board of Directors of Sevkavkazenergo confirmed the company's participation in North Ossetian Hydrogeneration Company.

October 13. State registration of a wholly-owned subsidiary of Sevkavkazenergo – North-Caucasian Hydrogeneration Company.

October 17. The meeting of founders of Karachaevo-Cherkess Hydrogeneration Company (Karachaevo-Cherkessenergo and Zelenchuki HEPPs) approved Articles of Association and elected management bodies of the company.

October 17. The Board of Directors of Kabbalkenergo decided to establish a wholly-owned subsidiary of the company, namely Kabardino-Balkarian Hydrogeneration Company.

October 29. State registration of Karachayevo-Cherkess Hydrogeneration Company, which is 100%-1 share subsidiary of Karachayevo-Cherkessenergo.

November 8. The Board of Directors of Karachaevo-Cherkessenergo approved purchasing of additionally issued shares of KEUK, paying for them by power grid property, which doesn't belong to the Unified National (All-Russian) Power Grid facilities.



November 9. State registration of Kabardino-Balkarian Hydrogeneration Company, the only founder of which is Kabbalkenergo.

December 9. The Board of Directors of Kabbalkenergo scheduled it for 23.01.2006 to hold extraordinary general meeting of shareholders to approve the Contract for placing additionally issued shares of Caucasian Energy Management Company, concluded between Kabbalkenergo and Caucasian Energy Management Company. This Contract involves that placed shares should be paid for by Kabalkenergo-owned power grid property, which doesn't belong to UNPG facilities.

December 23. Extraordinary general meeting of shareholders of Sevkavkazenergo approved the Contract for placing additionally issued shares of Caucasian Energy Management Company, concluded between Sevkavkazenergo and Caucasian Power Management Company. This Contract involves that placed shares should be paid for by Sevkavkazenergo-owned power grid property, which doesn't belong to UNPG facilities.

II. Implementation of Samaraenergo, Saratovenergo, and Ulyanovskenergo reform projects:

May 23. Extraordinary general meetings of shareholders of Samaraenergo, Saratovenergo, and Ulyanovskenergo established Volga Territorial Generation Company, Volga Interregional Distribution Company, and Volga Interregional Power Sales Company, and approved Articles of Association of these companies.

July 15. According to the RAO UESR Board of Directors' Decision *№197 of June 16, 2005* on the alternative model to be applied by splitting off UNPG facilities (Samaraenergo, Saratovenergo, and Ulyanovskenergo), the Board of Directors of Ulyanovskenergo decided to establish its wholly-owned subsidiary - Ulyanovsk Trunk Grids - and approved the Article of Association of the established company.

July 18. The meeting of founders of Samaraenergo, Saratovenergo and Ulyanovskenergo decided to establish Volga Territorial Generation Company, approved the Article of Association and elected management bodies of this company.

August 26. The state registration of Volga Interregional Distribution Grid Company, co-established by Samaraenergo, Saratovenergo and Ulyanovskenergo, which are reorganized as per the "non-basic" model.

September 30. The general meeting of shareholders of Samaraenergo decided to reorganize the company by separating the following companies: Samara Territorial Generation Company, Samara Distribution Company, Samara Trunk Company.

September 30. The general meeting of shareholders of Saratovenergo decided to reorganize the company by separating the following companies: Saratov Territorial Generation Company, Saratov Distribution Company, Saratov Trunk Company.

September 30. The general meeting of shareholders of Ulyanovskenergo decided to reorganize the company by separating the following Companies: Ulyanovsk Territorial Generation Company, Ulyanivsk Distribution Company.

November 10. State registration of securities issued by Ulyanovsk Trunk Grids;

November 24. State registration of securities issued by Volga Interregional Distribution Company;

December 19. Boards of Directors of Samaraenergo, Saratovenergo, and Ulyanovskenergo included candidates proposed by shareholders of AO-Energo companies to the candidate list for the forthcoming elections of management and controlling bodies.



December 29. The Board of Directors of Samaraenergo scheduled it for 16.02.2006 to convene general meeting of shareholders to approve Articles of Association and elect management bodies of the following companies being established: Samara Territorial Generation Company, Samara Distribution Company, Samara Trunk Company.

December 29. The Board of Directors of Saratovenergo scheduled it for 12.02.2006 to convene general meeting of shareholders to approve Articles of Association and elect management bodies of the following companies being established: Saratov Territorial Generation Company, Saratov Distribution Company, Saratov Trunk Company.

December 29. The Board of Directors of Ulyanovskenergo scheduled it for 14.02.2006 to convene general meeting of shareholders to approve Articles of Association and elect management bodies of the following companies being established: Ulyanovsk Territorial Generation Company and Ulyanovsk Distribution Company.

III. Implementation of Kalmenergo reform project:

April 27. The Board of Directors of Kalmenergo decided to start reorganization of the company as per the "non-basic" model and to lend-lease Kalmenergo's assets required for core operations to Kalmenergosbyt operating company established by RAO "UES of Russia".

October 17. Under implementation of Kalmenergo reform project, Kalmenergosbyt (a wholly-owned subsidiary of RAO UES of Russia) was established by the RAO UESR Decree № 242r;

October 28. State registration of Kalmenergosbyt.

December 19. The Board of Directors of Kalmenergo approved the asset lease agreement between the company and Kalmenergosbyt (interested party transaction).

IV. Implementation of Pskovenergo reform project:

November 9. Tverenergosbyt was declared as a winner of the auction under which the property complex of Maksutino and Shilsk HEPPs was on sale.

November 14. The auction to acquire a right to conclude purchase contracts for property complex of Pskov CHP was declared open.

December 14. Investment Leasing Company "Troitskaya" was selected as a preferred bidder in competitive tender for property complex of Pskov CHP.

December 21. Completion of reform project implementation. Pskovenergo (Seller) concluded a Purchase Contract for property complex of Pskov CHP with Investment Leasing Company "Troitskaya" (Buyer).

V. Restructuring of the Far East Energy Companies:

May 25. The Board of Directors of Kamchatskenergo decided to establish Kamchatka CHPs (on the basis of the generating capacities of its branch offices CHP-1 and CHP-2), Central Electric Grids (on the basis of its branch office Central Electric Grids), Southern Electric Grids of Kamchatka (on the basis of its branch office Southern Power Grids), Pauzhetsk GeoPP (on the basis of its branch office Geothermal Energetics), Automobile Operating Company (on the basis of its branch office Kamchatskenergo-spetsremont), and Kamchatka Heat Transporting Company (on the basis of a thermal system of its branch office CHP-2).



December 15. The Board of Directors of Kolimaenergo decided to incorporate its wholly-owned subsidiaries, i.e. Far East Generation Company and Far East Distribution Grid Company, as well as approved Articles of Association and agreed who will be candidate members to management bodies of newly established companies.

December 19. Far East Generation Company has undergone state registration procedure. Implementation of the reform project for Far East Energy Companies involves increase of its authorized capital by placing additionally issued shares, which will be paid for by generation and heating network assets of Dalenergo, Khabarovskenergo, Amurenergo, LuTEC (Luchegorsk Fuel and Energy Complex), and Southern Yakutskenergo.

December 22. Far East Distribution Grid Company has undergone state registration procedure. Implementation of the reform project for Far East Energy Companies involves increase of its authorized capital by placing additionally issued shares, which will be paid for by generation and network assets of Dalenergo, Khabarovskenergo, Amurenergo, and Southern Yakutskenergo.



DATES OF ESTABLISHMENT OF THE NEW COMPANIES IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (beginning)

No. AO-Energo	Date of state registration of singled out companies		Securities issue registration			
	expected	actual	Ordinary Shares date	Ordinary Shares reg. №	Preference Shares date	Preference Shares reg. №
"Basic" Restructuring Model						
1. Arkhenergo						
Arkhangel'sk Generation Company	01.04.2005	01.04.2005	30.06.2005	1-01-50126-A	30.06.2005	2-01-50126-A
Arkhangel'sk Sales Company	01.04.2005	01.04.2005	30.06.2005	1-01-65125-D	30.06.2005	2-01-65125-D
Arkhangel'sk Trunk Grid Company	01.09.2005	01.09.2005	10.11.2005	1-01-55133-E	10.11.2005	2-01-55133-E
2. Astrakhanenergo						
Astrakhan Regional Generation Company	05.01.2005	11.01.2005	05.04.2005	1-01-55065-E	—	—
Astrakhan Power management Company	05.01.2005	11.01.2005	05.04.2005	1-01-55066-E	—	—
Astrakhan Power Sales Company	05.01.2005	11.01.2005	05.04.2005	1-01-55064-E	—	—
Astrakhan Trunk Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55117-E	—	—
3. Belgorodenergo						
Heat Energy Company	01.10.2004	01.10.2004	05.11.2004	1-01-65066-D	05.11.2004	2-01-65066-D
Belgorod Sales Company	01.10.2004	01.10.2004	05.11.2004	1-01-65065-D	05.11.2004	2-01-65065-D
Power Grid Company	01.04.2005	01.04.2005	17.05.2005	1-01-55071-E	17.05.2005	2-01-55071-E
Belgorod Trunk Grid Company	01.04.2005	01.04.2005	17.05.2005	1-01-55070-E	17.05.2005	2-01-55070-E
4. Bryanskenergo						
Bryansk Power Management Company	01.10.2004	19.04.2004	31.08.2004	1-01-50074-A	31.08.2004	2-01-50074-A
Bryansk Generation Company	01.10.2004	01.10.2004	02.12.2004	1-01-65071-D	02.12.2004	2-01-65071-D
Bryansk Sales Company	01.10.2004	01.10.2004	02.12.2004	1-01-65070-D	02.12.2004	2-01-65070-D
Bryansk Trunk Grid Company	01.09.2005	01.09.2005	03.11.2005	1-01-55110-E	03.11.2005	2-01-55110-E
5. Buryatenergo						
Buryatgeneration	31.12.2005	30.12.2005				
Buryat Management Company	31.12.2005	30.12.2005				
Buryatenergobyty	31.12.2005	30.12.2005				
Buryat Trunk Power Grids	31.12.2005	30.12.2005				
6. Vladimenergo						
Vladimir Generation Company	05.01.2005	01.01.2005	01.03.2005	1-01-55044-E	—	—
Vladimir Power Sales Company	05.01.2005	01.01.2005	01.03.2005	1-01-50087-A	—	—
Vladimir Power Company	05.01.2005	01.01.2005	15.03.2005	1-01-55053-E	—	—
Vladimir Trunk Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55116-E	—	—
7. Volgogradenergo						
Volga Generation Company	05.01.2005	01.01.2005	14.04.2005	1-01-55067-E	14.04.2005	2-01-55067-E
Volga-Don Power Complex MC	05.01.2005	01.01.2005	14.04.2005	1-01-50108-A	14.04.2005	2-01-50108-A
Volgogradenergobyty	05.01.2005	01.01.2005	14.04.2005	1-01-65103-D	14.04.2005	2-01-65103-D
Volgograd Trunk Grids	01.09.2005	01.09.2005				
8. Vologdaenergo						
Cherepovets SDPP	01.10.2005	01.10.2005	06.12.2005	1-01-55138-E	—	—
Vologda HPP	01.10.2005	01.10.2005	10.11.2005	1-01-55123-E	—	—
Vologda Sales Company	01.10.2005	01.10.2005	22.12.2005	1-01-55149-E	—	—
Vologda Trunk Grids	01.10.2005	01.10.2005	03.11.2005	1-01-55109-E	—	—
9. Voronezhenergo						
Voronezh Generation Company	20.09.2004	31.08.2004	30.11.2004	1-01-55030-E	30.11.2004	2-01-55030-E
Voronezh Management Power Company	20.09.2004	31.08.2004	30.11.2004	1-01-55031-E	30.11.2004	2-01-55031-E
Voronezh Power Sales Company	20.09.2004	31.08.2004	30.11.2004	1-01-55029-E	30.11.2004	2-01-55029-E
Voronezh Trunk Grid Company	01.09.2005	01.09.2005	10.11.2005	1-01-55132-E	10.11.2005	2-01-55132-E
10. Dagenergo						
Dagestan Regional Generation Company	01.07.2005	01.07.2005	23.08.2005	1-01-50141-A	—	—
Dagestan Heat Generation Company	01.05.2005	03.05.2005	28.06.2005	1-01-50131-A	—	—
Dagenergo Management Company	01.05.2005	03.05.2005	28.06.2005	1-01-50132-A	—	—
Dagestan Power Sales Company	01.07.2005	01.07.2005	25.08.2005	1-01-55094-E	—	—
Dagestan Trunk Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55108-E	—	—
11. Ivenergo						
Ivanovo Generation Company	05.01.2005	01.01.2005	10.03.2005	1-01-65082-D	10.03.2005	2-01-65082-D
Ivanovo Power Sales Company	05.01.2005	01.01.2005	10.03.2005	1-01-65081-D	10.03.2005	2-01-65081-D
Ivanovo Management Power Company	05.01.2005	14.01.2005	10.03.2005	1-01-65086-D	10.03.2005	2-01-65086-D
Ivanovo Trunk Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55128-E	03.11.2005	2-01-55128-E
12. Kalugaenergo						
Kaluga Power Management Company	01.04.2004	01.04.2004	18.05.2004	1-01-65058-D	—	—
Kaluga Generation company	01.04.2004	01.04.2004	18.05.2004	1-01-65055-D	—	—
Kaluga Trunk Grid Company	01.04.2004	01.04.2004	18.05.2004	1-01-65056-D	—	—
Kaluga Sales Company	01.04.2004	01.04.2004	18.05.2004	1-01-65057-D	—	—



DATES OF ESTABLISHMENT OF THE NEW COMPANIES IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No. AO-Energo	Date of state registration of singled out companies		Securities issue registration			
	expected	actual	Ordinary Shares date	Ordinary Shares reg. №	Preference Shares date	Preference Shares reg. №
13. Kareleenergo						
Kareleenergogeneration	05.01.2005	01.01.2005	01.03.2005	1-01-50085-A	—	—
Kareleenergo Management Company	05.01.2005	01.01.2005	01.03.2005	1-01-50089-A	—	—
Karelian Power Sales Company	05.01.2005	01.01.2005	01.03.2005	1-01-50088-A	—	—
Karelian Trunk Grids	01.09.2005	01.09.2005	10.11.2005	1-01-55131-E	—	—
14. Kirovenergo						
Kirovenergo Management Company	01.05.2005	01.05.2005	14.07.2005	1-01-65129-D	14.07.2005	2-01-65129-D
Kirovenergosbyt	01.05.2005	01.05.2005	14.07.2005	1-01-65175-D	14.07.2005	2-01-65127-D
Vyatka Heat Power Company	01.05.2005	01.05.2005	14.07.2005	1-01-65128-D	14.07.2005	2-01-65128-D
Kirov Trunk Power Grids	01.09.2005	01.09.2005	24.11.2005	1-01-55141-E	24.11.2005	2-01-55141-E
15. Kolenergo						
Apatity CHP	01.10.2005	01.10.2005	29.11.2005	1-01-55146-E	29.11.2005	2-01-55146-E
Murmansk CHP	01.10.2005	01.10.2005	29.11.2005	1-01-55148-E	29.11.2005	2-01-55148-E
Kola Generation Company	01.10.2005	01.10.2005	27.12.2005	1-01-55164-E	27.12.2005	2-01-55164-E
Kola Power Sales Company	01.10.2005	01.10.2005	22.12.2005	1-01-55159-E	22.12.2005	2-01-55159-E
Kola Trunk Grids	01.10.2005	01.10.2005	08.12.2005	1-01-55144-E	08.12.2005	2-01-55144-E
16. Komienergo						
Komi Regional Generation Company	01.07.2006					
Komi Republic Trunk Power Grid	01.07.2006					
Komi Power Sales Company	01.07.2006					
17. Kostromaenergo						
Kostroma Generation Company	05.01.2005	01.01.2005	04.03.2005	1-01-65087-D	04.03.2005	2-01-65087-D
Kostroma Sales Company	05.01.2005	01.01.2005	04.03.2005	1-01-55051-E	04.03.2005	2-01-55051-E
Kostroma Trunk Grids	01.09.2005	31.08.2005	03.11.2005	1-01-55125-E	03.11.2005	2-01-55125-E
18. Krasnoyarskenergo						
Krasnoyarsk Generation	01.10.2005	01.10.2005	01.12.2005	1-01-55136-E	01.12.2005	2-01-55136-E
Krasnoyarskenergosbyt	01.10.2005	01.10.2005	29.11.2005	1-01-55147-E	29.11.2005	2-01-55147-E
Krasnoyarsk Trunk Grids	01.10.2005	01.10.2005	06.12.2005	1-01-55152-E	06.12.2005	2-01-55152-E
Tyvaenergoholding	01.10.2005	01.10.2005	08.12.2005	1-01-55150-E	08.12.2005	2-01-55150-E
19. Kubanenergo						
Kuban Generation Company	01.07.2006					
Kuban Power Sales Company	01.07.2006					
Kuban Trunk Grids	01.07.2006					
20. Kuzbassenergo						
West-Siberian CHP	01.07.2006					
South-Kuzbass SDPP	01.07.2006					
Kuzbass Regional Power Grid Company	01.07.2006					
Kuzbass Power Sales Company	01.07.2006					
Kuzbassenergo Trunk Power Grids	01.07.2006					
21. Kurganenergo						
Kurgan Generation Company	01.07.2006					
Kurgan Power Sales Company	01.07.2006					
Kurgan Trunk Grid Company	01.07.2006					
22. Kurskenergo						
Kursk Generation Company	01.02.2005	01.02.2005	29.03.2005	1-01-65093-D	29.03.2005	2-01-65093-D
Kursk Power Management Company	01.02.2005	01.02.2005	29.03.2005	1-01-65093-D	29.03.2005	2-01-65093-D
Kurskenergosbyt	01.02.2005	01.02.2005	29.03.2005	1-01-65094-D	29.03.2005	2-01-65094-D
Kursk Trunk Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55111-E	03.11.2005	2-01-55111-E
23. Lenenergo						
North-Western Power Management Company	01.10.2005	01.10.2005				
Petersburg Generation Company	01.10.2005	01.10.2005				
Petersburg Sales Company	01.10.2005	01.10.2005				
Petersburg Trunk Grids	01.12.2005	01.12.2005				
24. Lipetskenergo						
Lipetsk Generation Company	05.01.2005	11.01.2005	19.04.2005	1-01-65096-D	—	—
Lipetsk Power Management Company	05.01.2005	11.01.2005	19.04.2005	1-01-65095-D	—	—
Lipetsk Power Sales Company	05.01.2005	11.01.2005	19.04.2005	1-01-65097-D	—	—
Lipetsk Trunk Grids	01.09.2005	01.09.2005	10.11.2005	1-01-55124-E	—	—
25. Marienergo						
Mari Regional Generation Company	05.01.2005	01.01.2005	01.03.2005	1-01-55043-E	01.03.2005	2-01-55043-E
Mari Regional Management Company	05.01.2005	01.01.2005	01.03.2005	1-01-55042-E	01.03.2005	2-01-55042-E
Marienergosbyt	05.01.2005	01.01.2005	01.03.2005	1-01-55086-E	01.03.2005	2-01-55086-E
Mari Trunk Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55130-E	03.11.2005	2-01-55130-E



DATES OF ESTABLISHMENT OF THE NEW COMPANIES IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No. AO-Energo	Date of state registration of singled out companies		Securities issue registration			
	expected	actual	Ordinary Shares date	Ordinary Shares reg. №	Preference Shares date	Preference Shares reg. №
26. Mordovenergo						
Mordovian Generation Company	01.02.2005	01.02.2005	29.03.2005	1-01-55061-E	—	—
Mordovian Heat Network Company	01.02.2005	01.02.2005	29.03.2005	1-01-55056-E	—	—
Mordovian Power Management Company	01.02.2005	01.02.2005	29.03.2005	1-01-55067-E	—	—
Mordovian Power Sales Company	01.02.2005	01.02.2005	29.03.2005	1-01-55055-E	—	—
Mordovian Trunk Grid Company	01.09.2005	01.09.2005	10.11.2005	1-01-55122-E	—	—
27. Mosenergo						
Management Power Company	01.04.2005	01.04.2005	31.05.2005	1-01-50073-E	—	—
Trunk Grid Company	01.04.2005	01.04.2005	31.05.2005	1-01-50074-E	—	—
Moscow City Power Grid Company	01.04.2005	01.04.2005	31.05.2005	1-01-50075-E	—	—
Moscow Power Network Company	01.04.2005	01.04.2005	31.05.2005	1-01-50076-E	—	—
Moscow Region Power Grid Company	01.04.2005	01.04.2005	31.05.2005	1-01-65116-D	—	—
Mosenergosbyt	01.04.2005	01.04.2005	26.05.2005	1-01-65113-D	—	—
Specialized PCB for Repairs and Reconstruction	01.04.2005	01.04.2005	26.05.2005	1-01-50116-A	—	—
Mosteplosetenergoemont	01.04.2005	01.04.2005	31.05.2005	1-01-65117-D	—	—
Mosenergosetstroy	01.04.2005	01.04.2005	26.05.2005	1-01-65110-D	—	—
SDPP №4	01.04.2005	01.04.2005	26.05.2005	1-01-65111-D	—	—
SDPP №5	01.04.2005	01.04.2005	26.05.2005	1-01-65112-D	—	—
SDPP №24	01.04.2005	01.04.2005	24.05.2005	1-01-65108-D	—	—
Zagorsk HEPSP	01.04.2005	01.04.2005	31.05.2005	1-01-55081-E	—	—
28. Nizhnoenergo						
Nizhni Novgorod Generation Company	01.02.2005	01.02.2005	31.03.2005	1-01-50104-A	31.03.2005	2-01-50104-A
Nizhni Novgorod Management Power Company	01.04.2005	01.04.2005	21.07.2005	1-01-65115-D	21.07.2005	2-01-65115-D
Nizhni Novgorod Sales Company	01.04.2005	01.04.2005	26.05.2005	1-01-55072-E	26.05.2005	2-01-55072-E
Nizhni Novgorod Power Repair Company	01.04.2005	01.04.2005	25.08.2005	1-01-50122-A	25.08.2005	2-01-50122-A
Nizhni Novgorod Trunk Grid Company	01.09.2005	01.09.2005	10.11.2005	1-01-55121-E	10.11.2005	2-01-55121-E
29. Novgorodenergo						
Novgorod Generation Company	01.04.2005	01.04.2005	26.05.2005	1-01-50114-A	26.05.2005	2-01-50114-A
Novgorod Power Management Company	01.04.2005	01.04.2005	26.05.2005	1-01-65109-D	26.05.2005	2-01-65109-D
Novgorod power Sales Company	01.04.2005	01.04.2005	26.05.2005	1-01-50115-A	26.05.2005	2-01-50115-A
30. Omskenergo						
Omsk Power Generation Company	01.08.2005	03.08.2005	18.10.2005	1-01-50151-A	18.10.2005	2-01-50151-A
Omsk Management Company	01.08.2005	03.08.2005	18.10.2005	1-01-55100-E	18.10.2005	2-01-55100-E
Omsk Power Sales Company	01.08.2005	03.08.2005	18.10.2005	1-01-55101-E	18.10.2005	2-01-55101-E
Omsk Trunk Grid Company	01.09.2005	01.09.2005	03.11.2005	1-01-55114-E	03.11.2005	2-01-55114-E
31. Orelenergo						
Orel Power Management Company	01.04.2005	01.04.2005	02.06.2005	1-01-50121-A	02.06.2005	2-01-50121-A
Orel Generation Company	01.04.2005	01.04.2005	07.06.2005	1-01-50123-A	07.06.2005	2-01-50123-A
Orel Trunk Grid Company	01.10.2005	01.10.2005	01.12.2005	1-01-55135-E	01.12.2005	2-01-55135-E
Orel Sales Company	01.04.2005	01.04.2005	21.06.2005	1-01-65122-D	21.06.2005	2-01-65122-D
32. Orenburgenergo						
Orenburg Heat Generation Company	01.07.2005	01.07.2005	06.09.2005	1-01-55095-E	—	—
Iriklinsk SDPP	01.07.2005	01.07.2005	25.08.2005	1-01-50142-A	—	—
Orenburgenergosbyt	01.07.2005	01.07.2005	25.08.2005	1-01-55096-E	—	—
Orenburg Trunk Power Grids	01.10.2005	01.10.2005	08.12.2005	1-01-55155-E	—	—
33. Penzaenergo						
Penza Generation Company	05.01.2005	01.01.2005	01.03.2005	1-01-55047-E	01.03.2005	2-01-55047-E
Penza Power Management Company	05.01.2005	01.01.2005	01.03.2005	1-01-55048-E	01.03.2005	2-01-55048-E
Penza Power Sales Company	05.01.2005	01.01.2005	01.03.2005	1-01-55041-E	01.03.2005	2-01-55041-E
Penza Power Repair Company	05.01.2005	01.01.2005	01.03.2005	1-01-55040-E	01.03.2005	2-01-55040-E
Penza Trunk Grid Company	01.09.2005	01.09.2005	10.11.2005	1-01-55134-E	10.11.2005	2-01-55134-E
34. Permenergo						
Perm Power Management Company	01.04.2005	01.04.2005	21.06.2005	1-01-65121-D	21.06.2005	2-01-65121-D
Perm Generation Company	01.04.2005	01.04.2005	21.06.2005	1-01-50127-D	21.06.2005	2-01-50127-D
Yayvinsk SDPP	01.04.2005	01.04.2005	21.06.2005	1-01-55085-E	21.06.2005	2-01-55085-E
Perm Power Sales Company	01.04.2005	01.04.2005	21.06.2005	1-01-55084-E	21.06.2005	2-01-55084-E
Perm Trunk Grid Company	01.10.2005	03.10.2005	27.12.2005	1-01-55156-E	27.12.2005	2-01-55156-E
Permenergoemont	01.04.2005	01.04.2005	21.06.2005	1-01-50125-A	21.06.2005	2-01-50125-A
Permenergospetsremont	01.04.2005	01.04.2005	21.06.2005	1-01-65120-D	21.06.2005	2-01-65120-D



DATES OF ESTABLISHMENT OF THE NEW COMPANIES IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No. AO-Energo	Date of state registration of singled out companies		Securities issue registration			
	expected	actual	Ordinary Shares date	Ordinary Shares reg. №	Preference Shares date	Preference Shares reg. №
35. Rostovenergo						
Rostov Generation Company	05.01.2005	11.01.2005	10.03.2005	1-01-50096-A	10.03.2005	2-01-50096-A
Management Company Rostovenergo	05.01.2005	11.01.2005	10.03.2005	1-01-50097-A	10.03.2005	2-01-50097-A
Rostovenergo Energosbyt	05.01.2005	11.01.2005	10.03.2005	1-01-50095-A	10.03.2005	2-01-50095-A
Trunk Grid Company Rostovenergo	01.09.2005	01.09.2005	03.11.2005	1-01-55127-E	03.11.2005	2-01-55127-E
36. Ryazanenergo						
Ryazan Heat Supply Company	05.01.2005	11.01.2005	04.03.2005	1-01-50094-A	—	—
Ryazan Management Company	05.01.2005	11.01.2005	04.03.2005	1-01-50093-A	—	—
Ryazan Power Sales Company	05.01.2005	11.01.2005	04.03.2005	1-01-50092-A	—	—
Ryazan Trunk Grids	01.09.2005	01.09.2005	01.12.2005	1-01-55143-E	—	—
37. Sverdlovennergo						
Sverdlovsk Generation Company	01.04.2005	01.04.2005	26.05.2005	1-01-55078-E	26.05.2005	2-01-55078-E
Sverdlovsk Power Management Company	01.04.2005	01.04.2005	26.05.2005	1-01-55077-E	26.05.2005	2-01-55077-E
Sverdlovskenergosbyt	01.04.2005	01.04.2005	26.05.2005	1-01-55080-E	26.05.2005	2-01-55080-E
Serov SDPP	01.04.2005	01.04.2005	26.05.2005	1-01-65114-D	26.05.2005	2-01-65114-D
Sverdlovsk Power Service Company	01.04.2005	01.04.2005	26.05.2005	1-01-55079-E	26.05.2005	2-01-55079-E
Sverdlovsk Trunk Grids	01.10.2005	03.10.2005	22.12.2005	1-01-55160-E	22.12.2005	2-01-55160-E
38. Smolenskenergo						
Smolensk Management Power Company	01.02.2005	01.02.2005	31.03.2005	1-01-50102-A	31.03.2005	2-01-50102-A
Smolensk Generation Company	01.02.2005	01.02.2005	31.03.2005	1-01-50105-A	31.03.2005	2-01-50105-A
Smolenskenergosbyt	01.02.2005	01.02.2005	31.03.2005	1-01-50107-A	31.03.2005	2-01-50107-A
Smolensk SDPP	01.02.2005	01.02.2005	31.03.2005	1-01-50103-A	31.03.2005	2-01-50103-A
Smolensk Power Repair Company	01.02.2005	01.02.2005	31.03.2005	1-01-50106-A	31.03.2005	2-01-50106-A
Smolensk Trunk Power Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55119-E	03.11.2005	2-01-55119-E
39. Stavropolenergo						
Stavropol Power Generation Company	01.04.2005	01.04.2005	02.06.2005	1-01-50118-A	02.06.2005	2-01-50118-A
Stavropol Management Company	01.04.2005	01.04.2005	02.06.2005	1-01-55082-E	02.06.2005	2-01-55082-E
Stavropolenergosbyt	01.04.2005	01.04.2005	02.06.2005	1-01-50119-A	02.06.2005	2-01-50119-A
Stavropol Heat Generation Company	01.04.2005	01.04.2005	02.06.2005	1-01-55083-E	02.06.2005	2-01-55083-E
40. Tambovenergo						
Tambov Generation Company	05.01.2005	11.01.2005	31.03.2005	1-01-65099-D	31.03.2005	2-01-65099-D
Tambov Power Management Company	05.01.2005	11.01.2005	31.03.2005	1-01-65101-D	31.03.2005	2-01-65101-D
Tambov Power Sales Company	05.01.2005	11.01.2005	31.03.2005	1-01-65100-D	31.03.2005	2-01-65100-D
Tambov Trunk Grid Company	01.09.2005	01.09.2005	03.11.2005	1-01-55120-E	03.11.2005	2-01-55120-E
41. Tverenergo						
Tver Generation Company	05.01.2005	11.01.2005	31.03.2005	1-01-65090-D	31.03.2005	2-01-65090-D
Tver Management Power Company	05.01.2005	11.01.2005	22.03.2005	1-01-65088-D	22.03.2005	2-01-65088-D
Tver Power Sales Company	05.01.2005	11.01.2005	22.03.2005	1-01-65091-D	22.03.2005	2-01-65091-D
Tver Power Repair Company	05.01.2005	11.01.2005	22.03.2005	1-01-65089-D	22.03.2005	2-01-65089-D
Tver Trunk Grids	01.09.2005	01.09.2005	03.11.2005	1-01-55118-E	03.11.2005	2-01-55118-E
42. Tomskenergo						
Tomsk Power Management Company	01.04.2005	31.03.2005	28.06.2005	1-01-55086-E	28.06.2005	2-01-55086-E
Tomsk Distribution Company	01.04.2005	31.03.2005	28.06.2005	1-01-50128-A	28.06.2005	2-01-50128-A
Tomsk Power Sales Company	01.04.2005	31.03.2005	28.06.2005	1-01-50130-A	28.06.2005	2-01-50130-A
Tomsk Trunk Grids	01.04.2005	31.03.2005	28.06.2005	1-01-55087-E	28.06.2005	2-01-55087-E
Tomskenergoremont	01.04.2005	31.03.2005	28.06.2005	1-01-55088-E	28.06.2005	2-01-55088-E
Tomsk electrosetremont	01.04.2005	31.03.2005	28.06.2005	1-01-50129-A	28.06.2005	2-01-50129-A
43. Tulaenergo						
Prioksk Territorial Generation Company	01.04.2005	01.04.2005	26.05.2005	1-01-50117-A	—	—
Tula Power Management Company	01.04.2005	01.04.2005	26.05.2005	1-01-50113-A	—	—
Tula Sales Company	01.04.2005	01.04.2005	26.05.2005	1-01-50112-A	—	—
Tula Trunk Grid Company	01.09.2005	01.09.2005	01.12.2005	1-01-55127-E	—	—
44. Tumenergo						
Surgut SDPP-1	01.07.2005	01.07.2005	08.09.2005	1-01-65130-D	—	—
Surgut SDPP-2	01.07.2005	01.07.2005	20.09.2005	1-01-55097-E	—	—
Nizhnevartovsk SDPP	01.07.2005	01.07.2005	13.09.2005	1-01-65135-D	—	—
Urengoy SDPP	01.07.2005	01.07.2005	20.09.2005	1-01-50135-A	—	—
Tyumen Trunk Grid Company	01.09.2005	01.09.2005	03.11.2005	1-01-55115-E	—	—
Tyumen Regional Generation Company	01.07.2005	01.07.2005	20.09.2005	1-01-55090-E	—	—
Tyumen Power Sales Company	01.07.2005	01.07.2005	13.09.2005	1-01-50139-A	—	—



DATES OF ESTABLISHMENT OF THE NEW COMPANIES IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No. AO-Energo	Date of state registration of singled out companies		Securities issue registration			
	expected	actual	Ordinary Shares date	Ordinary Shares reg. №	Preference Shares date	Preference Shares reg. №
45. Udmurtenergo						
Udmurtian Territorial Generation Company	05.01.2005	01.01.2005	01.03.2005	1-01-65084-D	01.03.2005	2-01-65084-D
Udmurtian Management Power Company	05.01.2005	01.01.2005	01.03.2005	1-01-65083-D	01.03.2005	2-01-65083-D
Udmurtian Power Sales Company	05.01.2005	01.01.2005	01.03.2005	1-01-65085-D	01.03.2005	2-01-65085-D
Udmurtian Trunk Grids	01.09.2005	01.09.2005	24.11.2005	1-01-55142-E	24.11.2005	2-01-55142-E
46. Khakasenergo						
Khakas Generation Company	01.07.2005	01.07.2005	30.08.2005	1-01-55093-E	—	—
Khakasenergobyt	01.07.2005	01.07.2005	30.08.2005	1-01-50143-A	—	—
Khakas Trunk Company	01.07.2005	01.07.2005	22.09.2005	1-01-65136-D	—	—
Khakas Power Management Company	01.07.2005	01.07.2005	25.08.2005	1-01-50145-A	—	—
47. Chelyabenergo						
Chelyabinsk Generation Company	01.02.2005	31.01.2005	29.03.2005	1-01-55101-A	29.03.2005	2-01-55101-A
Chelyabinsk Management Power Company	01.02.2005	31.01.2005	29.03.2005	1-01-55058-E	29.03.2005	2-01-55058-E
Chelyabenergobyt	01.02.2005	31.01.2005	29.03.2005	1-01-55059-E	29.03.2005	2-01-55059-E
Yuzhno-Uralsk SDPP	01.02.2005	31.01.2005	29.03.2005	1-01-55060-E	29.03.2005	2-01-55060-E
Chelyabinsk Trunk Power Grids	01.09.2005	01.09.2005				
48. Chitaenergo						
Chita Generation Company	30.12.2005	30.12.2005				
Chita Power Sales Company	30.12.2005	30.12.2005				
Chita Trunk Grids	30.12.2005	30.12.2005				
49. Chuvashenergo						
Chuvashi Generation Company	05.01.2005	01.01.2005	24.02.2005	1-01-65078-D	—	—
Chuvashi Management Company	05.01.2005	01.01.2005	24.02.2005	1-01-65077-D	—	—
Chuvashi Power Sales Company	05.01.2005	01.01.2005	24.02.2005	1-01-65080-D	—	—
Cheboksary HEPP	05.01.2005	01.01.2005	24.02.2005	1-01-65079-D	—	—
Chuvashi Trunk Grids	01.09.2005	01.09.2005	08.12.2005	1-01-55112-E	—	—
50. Yarenergo						
Yarenergoremont-holding	05.01.2005	22.11.2004	20.01.2005	1-01-50082-A	20.01.2005	2-01-50082-A
DTP Yarenergoholding	05.01.2005	22.11.2004	20.01.2005	1-01-50081-A	20.01.2005	2-01-50081-A
Yaroslavl Power Company	05.01.2005	11.01.2005	10.03.2005	1-01-50098-A	10.03.2005	2-01-50098-A
Yaroslavl Management Power Company	05.01.2005	11.01.2005	10.03.2005	1-01-50100-A	10.03.2005	2-01-50100-A
Yaroslavl Sales Company	05.01.2005	11.01.2005	10.03.2005	1-01-50099-A	10.03.2005	2-01-50099-A
Yaroslavl Trunk Grids	01.09.2005	31.08.2005	03.11.2005	1-01-55129-A	03.11.2005	2-01-55129-A
"Non-basic" Restructuring Model						
51. Kalmenergo						
Kalmenergobyt		28.10.2005				
52. Pskovenergo						
Pskovenergobyt	30.08.2004	18.08.2004	31.12.2004	1-01-03189-D	—	—
Pskovenergoagent	30.08.2004	18.08.2004	31.12.2004	1-01-03186-D	—	—
Pskovenergосervice	30.08.2004	23.08.2004	31.12.2004	1-01-03188-D	—	—
Pskovenergoavto	30.08.2004	23.08.2004	31.12.2004	1-01-03187-D	—	—
53. Samaraenergo, Saratovenergo, Ulyanovskenergo						
Volzhsk Interregional Distribution Company	01.09.2005	26.08.2005	24.11.2005	1-01-55105-E	—	—
Volzhsk Territorial Generation Company		01.08.2005	01.08.2005			
Volzhsk Interregional Power Sales Company		не определено				
53. Samaraenergo						
Samara Territorial Generation Company (is splitting off)	01.04.2006					
Samara Distribution Company (is splitting off)	01.04.2006					
Samara Trunk Company (is splitting off)	01.04.2006					
54. Saratovenergo						
Saratov Territorial Generation Company (is splitting off)	01.04.2006					
Saratov Distribution Company" (is splitting off)	01.04.2006					
Saratov Trunk Company" (is splitting off)	01.04.2006					
55. Ulyanovskenergo						
Ulyanovsk Territorial Generation Company (is splitting off)	01.04.2006					
Ulyanovsk Distribution Company" (is splitting off)	01.04.2006					
Ulyanovsk Trunk Grids (a wholly-owned subsidiary of Ulyanovskenergo)	01.08.2005	29.07.2005	10.11.2005	1-01-55107-E	—	—



DATES OF ESTABLISHMENT OF THE NEW COMPANIES IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (end)

No. AO-Energo	Date of state registration of singled out companies		Securities issue registration	
	expected	actual	Ordinary Shares date	Preference Shares reg. № date
56. Kamchatskenergo				
Kamchatka CHPs (a wholly-owned subsidiary of Kamchatskenergo)	26.07.2005	21.06.2005		
Central Electric Grids (a wholly-owned subsidiary of Kamchatskenergo)	26.07.2005	21.06.2005		
Southern Electric Grids of Kamchatka (a wholly-owned subsidiary of Kamchatskenergo)	26.07.2005	23.06.2005		
Pauzhetsk GeoPP (a wholly-owned subsidiary of Kamchatskenergo)	26.07.2005	21.06.2005		
Automobile Operating Company (a wholly-owned subsidiary of Kamchatskenergo)	26.07.2005	30.06.2005		
Kamchatka Heat Transportation Company (a wholly-owned subsidiary of Kamchatskenergo)	26.07.2005	23.06.2005		
57. Ingushenergo	Project completion date - 02.09.2006 (Additionally issued KEUK shares are to be paid for by power grid property, alienation of KEUK shares)			
58. Kabbalkenergo				
Kabardino-Balkaria Hydrogeneration Company (a wholly-owned subsidiary of Kabbalkenergo)	20.11.2005	09.11.2005		
59. Sevkavkazenergo				
North Ossetian Hydrogeneration Company (a wholly-owned subsidiary of Sevkavkazenergo)	20.10.2005	13.10.2005		
60. Karachaicherkessenergo				
Karachai Cherkess Hydrogeneration Company (a wholly-owned subsidiary of Karachaevo-Cherkesskenergo)	30.10.2005	29.10.2005		
61. Altaienergo				
Altaienergobyit (is being established as RAO UESR's wholly-owned subsidiary)	Lend-lease schedule to lease out heating network and generation assets to Kuzbassenergo is under consideration			
62-65. AO-Energo Companies of the Far East Region				
Amurenergo, Dalenergo, Khabarovskenergo, Yakutskenergo (Southern Energy Zone)				
Far East Trunk Grid Company	31.12.2005	22.12.2005		
Far East Generation Company	31.12.2005	19.12.2005		
Far East Power Company	31.12.2006			
Southern Yakutskenergo (is being established)	15.02.2006			
Amur Trunk Grid Company (is being established)	01.06.2006			
Primorsk Trunk Grid Company (is being established)	01.06.2006			
Khabarovsk Trunk Grid Company (is being established)	01.06.2006			
Yakutsk Trunk Grid Company (is being established)	01.06.2006			
Yakutskenergo (isolated part)				
Energotranssnab (is being established)	schedule is under consideration			
Teploenergосervice (is being established)	schedule is under consideration			
Southern Yakutsk Power Company (is splitting off)	schedule is under consideration			
66. Taimyrenenergo The RAO UESR Board of Directors approved termination of the Company's membership in Taimyrenenergo (journal № 211 of 23.12.2005) by means of alienation of 100% of Taimyrenenergo shares (open auction, involving an accredited agent).				
67. Chukotenergo Pursuant to the RAO UESR Management Board's Decision (journal № 1292pr/1 of 12.09.2005) it is scheduled to integrate assets of Chukotenergo with energy assets of Chukot Autonomous Area within the Anadyr Power Center, when this process is agreed with Administration of Chukot Autonomous Area.				
68. Sakhalinenergo The RAO UESR Management Board (journal № 1334pr/1 of 31.10.2005) decided that it is inexpedient to reorganize Sakhalinenergo until 2010.				



SCHEDULE OF APPROVAL OF RESTRUCTURING PROJECTS FOR AO-ENERGO COMPANIES THAT REQUIRE INDIVIDUAL SOLUTIONS AS OF 31.12.2005

No. of AO-Energo	Approval Timeframe (not later than)	
	Approval of AO-Energo Restructuring Projects by the RAO UESR Management Board	Approval of AO-Energo Restructuring Projects by the RAO UESR Board of Directors
Energy systems that require individual solutions under restructuring projects*		
1. Tyvaenergo (wholly-owned subsidiary of Krasnoyarskenergo)	February 2006	March 2006
2. Yantarenergo	March 2006	***
Isolated energy systems**		
3. Sakhalinenergo	February 2006****	
4. Kolymaenergo	The date has been put off till June 2006 by decision of the RAO UESR Board of Directors of September 26, 2005	***
5. Magadanenergo		***

* The list of AO-Energo companies as defined by decision of the RAO UESR Board of Directors of June 25, 2004.

** The list of isolated electric power systems as defined by Russian Government Resolution No. 854 of December 27, 2004.

*** Timeframe to be established (if need be) on the basis of results of review by the RAO UESR Management Board of the restructuring model.

**** Consideration of Sakhalinenergo development strategy for the period from 2006 to 2010 by the RAO UESR Management Board is scheduled (the RAO UESR Management Board (the journal № 1334pr/1 of 31.10.2005) decided it inexpedient to restructure Sakhalinenergo until 2010).

IMPLEMENTATION OF AO-ENERGO RESTRUCTURING PROJECTS AS OF 31.12.2005

TOTAL number of AO-Energo companies included in RAO UESR Holding: 72	"Basic" Restructuring Model	"Non-basic" Restructuring Model	TOTAL
Project implementation stages			
APPROVED by the Board of Directors of RAO UES of Russia	50	18	68
NOT YET APPROVED by the Board of Directors of RAO UES of Russia			4
including approved projects:			
I HELD: EGM on restructuring	50	3	53
II HELD: AGM on approval of the Articles of Association and election of management bodies of the companies being created	46*	0	46
III COMPLETED: unbundling (state registration of newly established companies), including	46	9	55
Complete unbundling (registration of all singled out companies)	46	1	47
Partial unbundling (separate companies not yet registered)		8 (Kamchatskenergo, Samaraenergo, Saratovenergo, Ulyanovskenergo, Kalmenergo, Sevkvkazenergo, Karachaevo-Cherkessenergo, Kabbalkenergo)	8
IV SUSPENDED implementation of restructuring project	0	0	0

* General meetings to approve Articles of Association and elect corporate management of newly created companies yet to be held (total of 7: Komienergo, Kubanenergo, Kuzbassenergo, Kurganenergo, Samaraenergo, Saratovenergo, and Ulyanovskenergo).



ORGANIZATION OF SALES ACTIVITY

During the transition period, when the power sector is being restructured and AO-Energos are as well being reorganized in terms of unbundling by activity type, sales companies are emerging in the Russian power industry. These companies are responsible for selling electric power to consumers.

Under reorganization of RAO UESR Holding sales activity, on September 30, 2005, the RAO UESR Board of Directors considered the question of "pilot" projects for the disposition of shares of power sales companies. These projects involve transfer of sales companies' shares to trust management by regional authorities (no more than 3 projects), wholesale generation companies (WGCs) (1 project), independent sales companies (no more than 5 projects), and sale of sales companies' shares in an open auction (1 project).

Now shares of power sales companies are in trust of territorial generation companies. As of December 31, 2005 trust agreements with a whole range of TGCs (TGC-2,4,5,6,8,10,11,13) have been concluded. TGCs (Trustee) got the sanction of the Federal Antimonopoly Service of Russia to conclude trust agreements for handling shares of 24 power sales companies, owned by RAO UESR (Trustor).

Summarizing the results achieved in the autumn-winter period of 2005-2006, it is supposed that soon a final decision on disposition of sales companies' shares will be made.

KEY EVENTS

SEPTEMBER 2005

September 30. Under reorganization of the RAO UESR Holding sales activity, the RAO UESR Board of Directors considered the question of "pilot" projects for the disposition of shares of power sales companies. Types of "pilot" projects include:

- Transfer of power sales companies' shares to **trust management by regional authorities** on conditions similar to conditions of a typical trust agreement concluded between TGCs and power sales companies established as the result of AO-Energo reorganization, taking into consideration decisions of the RAO UESR Board of Directors – **no more than 3 projects**;
- Transfer of power sales companies' shares to **trust management by wholesale generation companies** (WGCs) on conditions similar to conditions of a typical trust agreement concluded between TGCs and power sales companies established as the result of AO-Energo reorganization, taking into consideration decisions of the RAO UESR Board of Directors – **no more than 1 project**;
- Transfer of power sales companies' shares to **trust management by independent sales companies** on conditions similar to conditions of a typical trust agreement concluded between TGCs and power sales companies established as the result of AO-Energo reorganization, taking into consideration decisions of the RAO UESR Board of Directors – **no more than 5 projects**;
- Sale of power sales companies' shares in an open auction – **1 project**.

The basic terms and conditions of "pilot" projects for disposition of power sales companies' shares, including those agreed with authorities of the regions where this or that "pilot" project is implemented, are approved, as well as the list of power sales companies to participate in "pilot" projects. These companies include:

- | | |
|------------------------------|---------------------------------|
| ■ Kaluga Sales Company | ■ Rostovenergo Energosbyt |
| ■ Tambov Power Sales Company | ■ Udmurtia Power Sales Company |
| ■ Krasnoyarskenergosbyt | ■ Chelyabenergosbyt |
| ■ Vologda Sales Company | ■ Nizhni Novgorod Sales Company |
| ■ Novgorod Sales Company | ■ Yaroslavl Sales Company. |



NOVEMBER 2005

November 1. The Committee for coordination of operations of power sales companies comprising the Holding Company, approved the list of additional terms and conditions of both trust and surety agreements for each type of "pilot" projects, including:

- to preserve client database (comprising all consumers of power sales companies) by the Trustee, and to provide thorough observance of regulations determined by the Trustor by power sales companies;
- to ensure conclusion (operation) of purchase contracts for electric power and its transmission between power sales companies (PSCs) and distribution grid companies (DGCs), regional generation companies (RGCs), territorial generation companies (TGCs) according to conditions, agreed by the Trustor.

November 24. The RAO UESR Board of Directors approved the regulations on the open auction sale of RAO UESR-owned shares of Yaroslavl Power Sales Company, as well as main terms and conditions of this auction, including:

- initial auction price is equal to the market share price;
- the following companies can't participate in the auction: the companies affiliated with RAO "UES of Russia", state and municipal companies, which deal with power transmission and ancillary services in electric power industry, and, finally, natural persons.

November 29. The Committee for coordination of power sales companies' (PSC) operations approved the schedule for the organization of the open auction sale of Yaroslavl Power Sales Company shares, as well as considered and approved schedules for conclusion of trust and surety agreements.

DECEMBER 2005

December 7. Under realization of "pilot" projects for power sales companies (PSCs), an agent (Lawrens Securities) was selected to organize the auction and to give consulting support concerning preparing and conducting the sale of Yaroslavl Sales Company shares.

December 28. The Committee for coordination of power sales companies' (PSCs) operations:

- **Considered** disagreements arising among counter parties on trust and surety contracts concluded under implementation of "pilot" projects, and approved amendments to the mentioned above trust contracts to overcome these disagreements;
- **Decided** to exclude Rostovenergo Energosbyt from the list of "pilot" projects, because Rostov Regional Administration failed to support the RAO UESR Board of Directors' decision to transfer shares of this sales company to trust management of Transneftservice C.

December 30. As of December 30, 2005, PSCs have concluded trust agreements for handling their shares with most of territorial generation companies, including TGC-2,4,5,6,8,10,11,13. TGCs (Trustee) got the sanction of the Federal Antimonopoly Service of Russia to conclude trust agreements for handling shares of 24 power sales companies, owned by RAO UESR (Trustor).



ESTABLISHMENT OF WHOLESALE GENERATION COMPANIES (WGCs)

Wholesale generation companies (WGCs) are being formed on the basis of major federal power plants, owned by RAO "UES of Russia" and AO-Energo companies. Power plants included in the configuration of each WGC have the average installed capacity of about 9 GW. The decision to form a Unified Federal Hydrogeneration Company (HydroWGC) taken by the Russian Federation Government is based on the peculiarities of operations of hydroelectric power plants in the wholesale electricity market.

A total of seven wholesale generation companies will become wholesale market participants. Six of them contain thermal power plants; one is purely hydroelectric.

The "basic" model for WGCs formation was approved by the RAO UESR Board of Directors on September 26, 2003. This model involves two stages:

- at the first stage, WGCs are established as wholly owned subsidiaries of RAO "UES of Russia" with payment for their authorized capitals in RAO UESR-owned shares and property of AO-power plants;
- at the second stage, shares of wholesale generation companies are paid for by RAO UESR-owned shares of those AO-power plants, which separated from AO-Energos.

In June 2005 the RAO UESR Board of Directors approved the procedure for transition to a single share in WGC-3 and WGC-5 and for their merger with corresponding AO-power plants.

In September 2005 the target model for HydroWGC was approved. It implies that HydroWGC is to be formed as an integrated operating company, which will combine financial and production resources of hydroelectric power plants.

In December 2005, under the competence of extraordinary general meetings of shareholders of WGC-1, WGC-4, and WGC-6, the RAO UESR Board of Directors decided to reorganize the companies in terms of a merger with corresponding AO-Power Plants, approved merger agreements, and fixed conversion rates for converting shares of AO-Power Plants into those of WGCs.

KEY EVENTS **JANUARY - JUNE 2005**

During the 1st six months of 2005 much work has been completed toward the establishment of WGCs.

Currently all WGCs have undergone state registration procedure, and their authorized capitals have been paid for. Directors General of WGCs have created professional management teams and implemented measures designed to get familiar with the power plants included in the configuration of corresponding WGCs. These power plants are controlled by the mentioned above management bodies.

The implementation of the target model for WGCs has been launched. In June, the RAO UESR Board of Directors approved the procedure for transition to a single share in WGC-3 and WGC-5 and for their merger with corresponding AO-power plants.

JULY 2005

July 25. As part of transition to a single share in **WGC-5**, the shareholders of **Konakovo SDPP** have an opportunity to exchange their shares of AO-power plants for shares of WGC-5 under set conditions.



July 28. The Board of Directors of *WGC-5* advised the RAO UESR Board of Directors, which exercises the functions of the general meeting of shareholders of *WGC-5*, to take a final decision on reorganization of *WGC-5* in terms of a merger with *Konakovo SDPP and Nevinomyssk SDPP* and to approve a contract, which determines the merger conditions.

July 30. The general meeting of shareholders of *Smolensk SDPP* decided to transfer executive powers to *WGC-4*.

AUGUST 2005

Extraordinary general meetings of shareholders of *AO-power plants* included in the configuration of *WGC-1, WGC-2, WGC-3, WGC-4, and WGC-6* decided to transfer executive powers to management companies of corresponding WGCs.

SEPTEMBER 2005

September 16. The extraordinary general meeting of shareholders of *SDPP-4* decided to transfer executive powers to *WGC-1* management company.

September 30. The RAO UESR Board of Directors:

1. Under the competence of the extraordinary general meeting of *WGC-3*, **approved** the restructuring model for *WGC-3* in terms of a merger and ratified the merger agreement, under which *Kostroma SDPP, Pechora SDPP, Gusinozersk SDPP, Kharanorsk SDPP, Cherepetsk SDPP, Yuzhnouralsk SDPP* will merge with and into *WGC-3*;
2. **Decided** to implement measures designed to establish *WGC-3* and *WGC-5* as per their target operating model by reorganizing the companies in terms of a merger with AO-power plants, included in the configuration of these WGCs;
3. **Approved** the target operating model for *HydroWGC*, including the establishment of the operating company, which consolidates financial and production resources of hydroelectric power plants.

OCTOBER 2005

October 28. The RAO UESR Board of Directors:

- Under the competence of the extraordinary general meeting of shareholders of *HydroWGC*, decided to increase the company's authorized capital by means of additional issue of shares;
- Decided on measures designed to implement the second stage of *WGC-1, WGC-2 and WGC-4* establishment process, which involves transition to a single share.

NOVEMBER 2005

November 18. The extraordinary general meeting of shareholders of *WGC-5* decided to reorganize the company in terms of a merger with *Konakovo SDPP and Nevinomyssk SDPP* and approved the merger agreement.

November 22. Extraordinary general meetings of shareholders of AO-Power Plants, included in the configuration of *WGC-3*, decided to reorganize the companies in terms of a merger with and into *WGC-3* and approved the merger agreements.

November 22. Extraordinary general meetings of shareholders of *Konakovo SDPP and Nevinomyssk SDPP* decided to reorganize the companies in terms of a merger with and into *WGC-5* and approved the merger agreements.

November 22. The extraordinary general meeting of shareholders of *Cherepovets SDPP* decided to transfer executive powers to *WGC-6* management company.



November 25. Under the competence of extraordinary general meeting of shareholders of **WGC-2**, the RAO UESR Board of Directors decided to issue additional shares with the purpose of exchanging them for shares of AO-Power Plants, included in the configuration of **WGC-2**, as well as approved the terms and conditions of the company's reorganization in terms of a merger with:

- Pskov SDPP
- Stavropol SDPP
- Surgut SDPP-1
- Serov SDPP
- Troitsk SDPP.

DECEMBER 2005

December 22, 29. Extraordinary general meetings of shareholders of **Perm SDPP** and **Kashira SDPP** decided to increase their authorized capitals by increasing nominal value of their shares (*formation of WGC-1*).

December 23. The RAO UESR Board of Directors:

1. Under the competence of extraordinary general meetings of shareholders of **WGC-1, WGC-4, and WGC-6**:

- **Decided** to reorganize the companies in terms of a merger with corresponding AO-Power Plants;
- **Approved** merger agreements and fixed conversion rates for shares of AO-Power Plants to convert them into those of WGC-1, WGC-4, and WGC-6.

2. With regard to formation of **WGC-1, WGC-4, and WGC-6**:

- **Approved** purchasing of additionally issued shares of **Nevinomyssk SDPP** by RAO "UES of Russia" with payment in RAO UESR-owned shares of **Kashira SDPP-4** (*formation of WGC-1*);
- **Approved** purchasing of additionally issued shares of **Surgut SDPP-2** by RAO "UES of Russia" with payment in RAO UESR-owned shares of **Smolensk SDPP, Shatura SDPP or Yayva SDPP** (*formation of WGC-4*);
- **Approved** purchasing of additionally issued shares of **WGC-6** by RAO UES of Russia with subsequent payment for them in RAO UESR-owned shares of **SDPP-24, Cherepovetsk SDPP**, and with the legal claim to **Ryazan SDPP** (*formation of WGC-6*).

December 29. Extraordinary general meetings of shareholders of **Pskov SDPP, Stavropol SDPP, Troitsk SDPP, and Serov SDPP** decided to increase their authorized capitals by increasing nominal value of their shares (*establishment of WGC-2*).

December 30. Extraordinary general meetings of shareholders of **Berezovsk SDPP, Smolensk SDPP, Shatura SDPP, and Yayva SDPP** decided to increase their authorized capitals by increasing nominal value of their shares (*establishment of WGC-4*).



CHRONICLE OF EVENTS

March 24. RAO “UES of Russia” announced its intention to request proposals for engaging an investment bank, which will be responsible for the exchange of shares of WGCs subsidiaries for those of WGCs.

April. Selection of an investment bank to assist the implementation of projects related to transition to a single share in thermal WGCs is under way.

April 27. The Appraisal Committee under the RAO UESR Board of Directors approved the results of the calculation of electricity prices for scenarios developed by NERA company within the framework of the project designed to forecast prices and volumes in the electricity market. These results will be used for appraisal work performed under measures related to the establishment of WGCs.

Implementation of WGCs establishment projects

May 27. The RAO UESR Board of Directors approved a target operating model for thermal WGCs, which involves formation of unified operating companies through reorganization of thermal WGCs in terms of a merger with AO-power plants to be included in their configuration. The RAO UESR Board of Directors also approved a transition model for thermal WGCs, which envisages:

- conclusion of agency contracts between thermal WGCs and AO-power plants to be included in their configuration. Under these contracts electric power (capacity) produced by AO-power plants will be sold in the wholesale power (capacity) market;
- transfer of executive powers of AO-Power Plants to be included in the configuration of corresponding thermal WGCs to thermal WGCs (necessary measures may be taken prior to securing authorized capitals of WGCs by shares of the indicated AO-Power Plants).

September 30. The Board of Directors RAO “UES of Russia”:

1. Under the competence of the extraordinary general meeting of shareholders of WGC-3, *decided* to reorganize the company in terms of a merger with AO-power plants and to increase its authorized capital by placing 14 144 629 100 additional shares of 1 rub. par value each. Further these shares will be converted into those of joined AO-stations. The Board of Directors also approved the merger agreement and conversion ratios for converting WGC-3 shares into those of joined Kostroma SDPP, Pechora SDPP, Gusinoozersk SDPP, Kharanorsk SDPP, Cherepetsk SDPP, and Yuzhnouralsk SDPP.

2. Took decisions designed to implement the second stage of WGC-3 and WGC-5 establishment process, and instructed the RAO UESR’s representatives to vote for the increase of the authorized capitals of the following companies at Boards of Directors of WGCs: Konakovo SDPP, Nevinomysk SDPP (members of WGC-5), and Kostroma SDPP, Cherepetsk SDPP, Gusinoozersk SDPP, Pechora SDPP, Yuzhnouralsk SDPP (members of WGC-3) (the authorized capital is to be increased due to the increase in the par value of the companies’ shares).

3. Approved the target operating model for HydroWGC, which includes several stages according to which the operating company is formed on the basis of HydroWGC assets, namely:

- The first stage: to reorganize HydroWGC and AO-HEPPs in terms of a merger (100% - 1 share being the property of Hydro WGC);
- The second stage: to contribute the assets of the Russian Federation to the authorized capital of HydroWGC by purchasing the company’s shares;
- The third stage: to reorganize remaining subsidiaries of HydroWGCs (the highest possible number of AO-HEPPs) in terms of a merger with and into the parent company. Anyway, the Russian Federation will keep its share in HydroWGC authorized capital on the level of no less than 50% + 1 voting share.

In order to provide that the participatory interest of the Russian Federation in HydroWGC is no less than 50% + 1 voting share, the RAO UESR Management Board and the corresponding ministries and departments of the Russian Federation have been instructed to develop ways to contribute additional assets of the Russian Federation to the authorized capital of HydroWGC.



October 28. The Board of Directors of RAO "UES of Russia":

Under the competence of the extraordinary general meeting of shareholders, the RAO UESR Board of Directors decided to increase HydroWGC's authorized capital by means of additional issue of shares in order to implement measures related to the establishment of HydroWGC.

Additional shares will be placed by closed subscription in favour of RAO "UES of Russia" and the Russian Federation. The following property will be accepted as payment for additional issue of shares:

- RAO UESR-owned shares of companies established under AO-Energo restructuring, namely Cheboksari HEPP, Dagestan Regional Generation Company, Zagorsk HEPSPP, Stavropol Power Generation Company;
- shares and additional shares of joint-stock companies, established on the basis of RAO UESR-owned property of HEPPs;
- property complex of Novosibirsk HEPP;
- additionally issued shares of Bureya HEPP, Zaramagsk HEPPs, Sulakenergo, Zelenchuki HEPPs;
- other property to be contributed to HydroWGC;

Took decisions on measures designed to implement the second stage of WGC-1, WGC-2 and WGC-4 establishment process. In order to implement transition to a single share in mentioned WGCs, the RAO UESR Board of Directors approved the increase of the authorized capitals of the following AO-power plants by increasing the par value of their shares:

↓ *AO-power plants, included in the configuration of WGC-1*

Perm SDPP	Irikliino SDPP
Nizhneartovsk SDPP	SDPP-4 (Kashira SDPP-4);
Urengoy SDPP	

↓ *AO-power plants, included in the configuration of WGC-2*

Pskov SDPP	Surgut SDPP-1
Stavropol SDPP	Serov SDPP;
Troitsk SDPP	

↓ *AO-power plants, included in the configuration of WGC-4*

Bereзовsk SDPP-1	Yayva SDPP
SDPP-5 (Shatursk SDPP-5)	Surgut SDPP-2.
Smolensk SDPP	

November 25. Under the competence of the extraordinary general meeting of shareholders of WGC-2, the RAO UESR Board of Directors:

- Decided to increase the company's authorized capital by placing additional shares, which should be paid for by RAO UESR-owned shares of Surgut SDPP-1 and Serov SDPP as well as by shares of Pskov SDPP, Stavropol SDPP, and Serov SDPP, owned by minority shareholders;
- Decided to reorganize the company in terms of a merger with Pskov SDPP, Stavropol SDPP, Surgut SDPP-1, Serov SDPP, and Troitsk SDPP on terms and conditions, provided under the merger agreement;
- Determined conversion rates for converting shares of AO-power plants into those of WGC-2.

December 23. The RAO UESR Board of Directors:

1. Under the competence of the extraordinary general meeting of shareholders of WGC-1:

- decided to reorganize the company in terms of a merger with Nizhneartovsk SDPP, Urengoy SDPP, Irikliino SDPP, Kashira SDPP, and Perm SDPP;
- decided to increase the authorized capital of the company by means of additional issue of shares with their subsequent exchange for shares of AO-power plants being affiliated;
- approved the merger agreement and determined conversion rates for converting shares of AO-power plants to those of WGC-1.

2. With regard to measures designed to form WGC-1 as per its target configuration determined under the Russian Federation Government Decree №1254-r of September 1, 2003:

- approved alienation, i.e. realization of RAO UESR-owned shares of Kashira SDPP-4 as payment for additionally issued shares of Nevinomyssk SDPP, if the extraordinary general meeting of shareholders of Kashira SDPP fails to make a positive decision to restructure the company in terms of a merger with and into WGC-1.



3. Under the competence of the extraordinary general meeting of shareholders of WGC-4:

- decided to reorganize the company in terms of a merger with Berezovsk SDPP, Surgut SDPP, Smolensk SDPP, Shatura SDPP, and Yayva SDPP;
- decided to increase the authorized capital of the company by means of additional issue of shares with their subsequent exchange for shares of AO-power plants being affiliated;
- approved the merger agreement and conversion rates for converting shares of AO-power plants into those of WGC-4.

4. With regard to measures designed to form WGC-4 as per its target configuration determined under the Russian Federation Government Decree №1254-r of September 1, 2003:

- approved alienation, i.e. realization of RAO UESR-owned shares of Smolensk SDPP, Shatura SDPP or Yayva SDPP as payment for additionally issued shares of Surgut SDPP-2, if extraordinary general meetings of shareholders of Smolensk SDPP, Shatura SDPP or Yayva SDPP fail to make positive decisions to restructure the companies in terms of a merger with and into WGC-4.

5. Under the competence of the extraordinary general meeting of shareholders of WGC-6:

- decided to reorganize the company in terms of a merger with Kirishi SDPP, Krasnoyarsk SDPP-2, Novocherkassk SDPP, Ryazan SDPP, SDPP-24, and Cherepovetsk SDPP;
- decided to increase the authorized capital of the company by means of additional issue of shares with their subsequent exchange for shares of AO-power plants being affiliated;
- approved the merger agreement and determined conversion rates for converting shares of AO-Power Plants into those of WGC-6.

6. With regard to measures designed to form WGC-6 as per its target configuration determined under the Russian Federation Government Decree №1254-r of September 1, 2003:

- approved alienation, i.e. realization of RAO UESR-owned shares of SDPP-24 and Cherepovetsk SDPP, as well as a legal claim to Ryazan SDPP, as payment for additionally issued shares of WGC-6.

Establishment of WGC-1

March 23. The First Generation Company of the Wholesale Power Market (WGC-1) has undergone state registration procedure in Tyumen Regional Inspectorate No. 3 of the Federal Tax Service.

April 22. RAO “UES of Russia” completed payments for the authorized capital of WGC-1 in cash assets.

May 23. RAO “UES of Russia” contributed its property of Verkhnetagil SDPP to the authorized capital of WGC-1, thus paying in full for WGC-1 authorized capital.

May 24. The Federal Financial Markets Service (FFMS of Russia) registered both the initial issue of WGC-1 ordinary shares and the report on the issue results.

August 22. Under the competence of extraordinary general meetings of shareholders of Irikliino SDPP, Nizhnevartovsk SDPP and Urengoy SDPP, the RAO UESR Management Board decided to transfer executive powers of these companies to WGC-1.

September 16. The extraordinary general meeting of shareholders of SDPP-4 decided to transfer executive powers of the company to WGC-1 management company.

October. Boards of Directors of AO-power plants included in the configuration of WGC-1 approved the terms and conditions of the contract for the transfer of executive powers of the companies to WGC-1 management company, including:

- ↓ *October 18*
The Board of Directors of Perm SDPP
- ↓ *October 20*
The Board of Directors of SDPP-4

- ↓ *October 21*
The Board of Directors of Irikliino SDPP
- The Board of Directors of Nizhnevartovsk SDPP
- The Board of Directors of Urengoy SDPP.



November 11. Under the competence of the extraordinary general meeting of shareholders, the Board of Directors of Irikliino SDPP (a wholly-owned subsidiary of RAO UES of Russia) recommended it to the RAO UESR Management Board to take decisions concerning the increase of the company's authorized capital by converting the company's shares to those with a greater nominal value, and approved a Consortium, comprising CO-INVEST, Pacholi. Audit Company, Professional Appraisal Center as an independent appraiser for performing work related to the company's reorganization.

November 14. Boards of Directors of Nizhnevartovsk SDPP and Urengoy SDPP approved a Consortium comprising CO-INVEST, Pacholi. Audit Company, Professional Appraisal Center as an independent appraiser for performing work related to the companies' reorganization.

November 14. The Board of Directors of Perm SDPP approved a Consortium comprising CO-INVEST, Pacholi. Audit Company, Professional Appraisal Center as an independent appraiser for performing work related to the company's reorganization in terms of a merger with and into WGC-1, and the plan of measures on this reorganization.

November 22. The Board of Directors of SDPP-4 approved a Consortium comprising CO-INVEST, Pacholi. Audit Company, Professional Appraisal Center as an independent appraiser for performing work related to the company's reorganization in terms of a merger with and into WGC-1, and the plan of measures on this reorganization.

November 23. The Board of Directors of WGC-1 identified reorganization of the company in terms of a merger with Perm SDPP, SDPP-4, Irikliino SDPP, Nizhnevartovsk SDPP, and Urengoy SDPP as one of its main priorities and approved plan of measures related to this reorganization.

December. Extraordinary general meetings of shareholders of Perm SDPP and Kashira SDPP-4 decided to increase their authorized capitals by increasing their shares' nominal value, including:

↓ 22.12.2005

The extraordinary general meeting of shareholders of Perm SDPP;

↓ 29.12.2005

The extraordinary general meeting of shareholders of Kashira SDPP-4.

Establishment of WGC-2

March 9. The Second Generation Company of the Wholesale Power Market (WGC-2) has undergone state registration procedure in the city of Izobilny, in Stavropol Regional Inspectorate No. 2607 of the Federal Tax Service.

April 22. RAO "UES of Russia" completed payments for the authorized capital of WGC-2 in cash assets.

May 6. RAO "UES of Russia" contributed its shares of Pskov SDPP, Stavropol SDPP, and Troitsk SDPP to the authorized capital of WGC-2, thus paying in full for WGC-2 authorized capital.

May 11. The Federal Financial Markets Service (FFMS of Russia) registered both the initial issue of WGC-2 ordinary shares and the report on the issue results.

July 18. The Board of Directors of Stavropol SDPP approved the agency contract with WGC-2 for the sale of electric power.

July 21. The Board of Directors of Pskov SDPP approved the agency contract with WGC-2 for the sale of electric power.

August 1. The Board of Directors of Serov SDPP approved the agency contract with WGC-2 for the sale of electric power.



August 1. The extraordinary general meeting of shareholders of Serov SDPP decided to transfer executive powers of the company to WGC-2.

August 12. Under the competence of the extraordinary general meeting of shareholders of Surgut SDPP-1, the RAO UESR Management Board decided to transfer executive powers of the company to WGC-2.

August 23. Boards of Directors of Stavropol SDPP, Troitsk SDPP, and Serov SDPP approved the terms and conditions of contracts for the transfer of executive powers of the companies to WGC-2.

August 24. The Board of Directors of Pskov SDPP approved the conditions of the contract for the transfer of executive powers of the company to WGC-2.

August 30. The Board of Directors of Surgut SDPP-1 approved the conditions of the contract for the transfer of executive powers of the company to WGC-2.

November 9. The Board of Directors of WGC-2 identified it as one of its main priorities to reorganize the company in terms of a merger with Pskov SDPP, Stavropol SDPP, Troitsk SDPP, Serov SDPP, and Surgut SDPP-1 and approved the plan of measures related to this reorganization.

November 10. The Board of Directors of Stavropol SDPP approved a consortium comprising Russian Appraisal, Investment Appraisal "Discovery", and National Appraisal and Consulting Agency as an independent appraiser for performing work related to the company's reorganization in terms of a merger with WGC-2, as well as the plan of measures related to this reorganization.

November 14. The Board of Directors of Serov SDPP approved a consortium comprising Russian Appraisal, Investment Appraisal "Discovery", and National Appraisal and Consulting Agency as an independent appraiser for performing work related to the company's reorganization in terms of a merger with WGC-2, as well as the plan of measures related to this reorganization.

November 14. Boards of Directors of Pskov SDPP, Troitsk SDPP, and Surgut SDPP-1 approved consortiums comprising Russian Appraisal, Investment Appraisal "Discovery", and National Appraisal and Consulting Agency as an independent appraiser for performing work related to the company's reorganization in terms of a merger with WGC-2, as well as the plan of measures related to this reorganization.

December 29. Extraordinary general meetings of shareholders of Pskov SDPP, Stavropol SDPP, Troitsk SDPP, and Serov SDPP decided to increase their authorized capitals by increasing their shares' nominal value.

Establishment of WGC-3

January. The first stage of WGC-3 formation has been completed: RAO "UES of Russia" fully paid for the authorized capital of WGC-3, including payments in shares of corresponding AO-power plants.

May. A consortium of investment banks invited by RAO "UES of Russia" took measures to implement projects for both transition to a single share in WGC-3 and a merger of AO-Power Plants with and into WGC-3.

June. The following measures were completed in June: the appraisal of shares of WGC-3 and AO-Power Plants included in its configuration, as well as measures to calculate share exchange ratios and conversion ratios for converting shares of subsidiary AO-Power Plants to those of the parent company (WGC-3).



June 24. The RAO UESR Board of Directors addressed the issue of approving share exchange ratios used for the purpose of transition to a single share in WGC-3, as well as conversion ratios for the purpose of joining subsidiary AO-Power Plants to the parent company (WGC-3).

July 8. Boards of Directors of Kostroma SDPP, Pechora SDPP, Cherepetsk SDPP, and Yuzhnouralsk SDPP decided to approve the merger agreement with WGC-3.

August 19. Boards of Directors of Gusinozersk SDPP, Kostroma SDPP, Pechora SDPP, Kharanorsk SDPP, and Cherepetsk SDPP approved the terms and conditions of the contract for the transfer of executive powers of the companies to WGC-3.

August 19. Extraordinary general meetings of shareholders of Gusinozersk SDPP, Kostroma SDPP, Kharanorsk SDPP and Yuzhnouralsk SDPP decided to transfer executive powers of the companies to WGC-3.

August 22. Extraordinary general meetings of Shareholders of Pechora SDPP and Cherepetsk SDPP decided to transfer executive powers of the companies to WGC-3.

September 9. The Board of Directors of WGC-3 approved additional issue of securities of WGC-3 and share issue prospectus.

September 14. The Board of Directors of Gusinozersk SDPP approved the terms and conditions of the additional agreement to the contract with WGC-3 management company.

September 15. Boards of Directors of Pechora SDPP, Cherepetsk SDPP, and Kostroma SDPP approved the terms and conditions of the additional agreement to the contract with WGC-3 management company.

September 16. The Board of Directors of Yuzhnouralsk SDPP approved the terms and conditions of the contract with WGC-3 management company.

September 16. The Board of Directors of Kharanorsk SDPP approved the terms and conditions of the additional agreement to the contract with WGC-3 management company.

September 30. The extraordinary general meeting of shareholders of WGC-3 (the RAO UESR Board of Directors) decided to reorganize the company in terms of its merger with Kostroma SDPP, Pechora SDPP, Gusinozersk SDPP, Kharanorsk SDPP, Cherepetsk SDPP, Yuzhnouralsk SDPP and to increase its authorized capital by placing 14 144 629 100 additional stocks of 1 rub. par value each, into which the stocks of joined AO-power plants will be converted. They also approved the merger agreement and conversion ratios for converting the company's shares into those of AO-power plants joined in the process of reorganization.

November 22. Extraordinary general meetings of shareholders of Gusinozersk SDPP, Kostroma SDPP, Pechora SDPP, Kharanorsk SDPP, Cherepetsk SDPP, and Yuzhnouralsk SDPP:

- Decided to reorganize the companies in terms of a merger with and into WGC-3;
- Approved the merger agreements;
- Approved the transfer act for the companies to be reorganized in terms of a merger with and into WGC-3;
- Decided to increase the authorized capitals of Gusinozersk SDPP, Kostroma SDPP, Pechora SDPP, Cherepetsk SDPP, and Yuzhnouralsk SDPP by increasing the nominal value of shares placed by these companies.

December 6. The Board of Directors of WGC-3 scheduled it for 31.01.2006 to hold a joint general meeting of shareholders of WGC-3, Gusinozersk SDPP, Kostroma SDPP, Pechora SDPP, Kharanorsk SDPP, Cherepetsk SDPP, and Yuzhnouralsk SDPP to discuss amendments and additions to WGC-3 Article of Association due to the company's reorganization in terms of a merger.



Establishment of WGC-4

March 4. The Fourth Generation Company of the Wholesale Power Market (WGC-4) has undergone state registration procedure in Surgut Inspectorate of the Federal Tax Service.

April 22. RAO "UES of Russia" completed payments for the authorized capital of WGC-4 in cash assets.

May 3. RAO "UES of Russia" contributed its shares of Berezovsk SDPP-1 to the authorized capital of WGC-4, thus paying in full for WGC-4 authorized capital.

May 3. The Federal Financial Markets Service (FFMS of Russia) registered the initial issue of WGC-4 ordinary shares.

July 29. Boards of Directors of Berezovsk SDPP-1, SDPP-5, Yayva SDPP, and Smolensk SDPP approved agency contracts for the sale of electric power between each of the companies and WGC-4.

July 30. The general meeting of shareholders of Smolensk SDPP decided to transfer executive powers of the company to WGC-4.

August 1. Berezovsk SDPP, Smolensk SDPP, Shatura SDPP, Yayva SDPP, and Surgut SDPP-2 entered into agency contracts for the sale of electric power with WGC-4.

August 4. The extraordinary general meeting of shareholders of Shatura SDPP-5 decided to transfer executive powers of the company to WGC-4.

August 5. Under the competence of the extraordinary general meeting of Surgut SDPP-2, the RAO UESR Management Board decided to transfer executive powers of the company to WGC-4.

August 19. Boards of Directors of Berezovsk SDPP-1, Smolensk SDPP, Shatura SDPP-5, Yayva SDPP, and Surgut SDPP-2 approved contracts with WGC-4 management company under which WGC-4 will exercise executive powers of these companies.

November 14. The Board of Directors of WGC-4 identified it as one of its main priorities to reorganize the company in terms of a merger with Berezovsk SDPP, Smolensk SDPP, Yayva SDPP, Shatura SDPP-5, and Surgut SDPP-2 and approved the plan of measures related to this reorganization.

November 14. Boards of Directors of Smolensk SDPP, Shatura SDPP-5, and Yayva SDPP approved a consortium comprising Central Finance and Appraisal Company, Institute for Evaluation of Property and Financial Operations, DISTAN, and LAIR, as an independent appraiser for performing work related to the companies' reorganization in terms of a merger with and into WGC-4, as well as approved the plan of measures related to this reorganization.

November 14. The Board of Directors of Surgut SDPP-2 approved a consortium comprising Central Finance and Appraisal Company, Institute for Evaluation of Property and Financial Operations, DISTAN, and LAIR, as an independent appraiser for performing work related to the company's reorganization in terms of a merger with and into WGC-4, as well as approved the plan of measures related to this reorganization.

November 25. The Board of Directors of Berezovsk SDPP approved a consortium comprising Central Finance and Appraisal Company, Institute for Evaluation of Property and Financial Operations, DISTAN, and LAIR, as an independent appraiser for performing work related to the company's reorganization in terms of a merger with and into WGC-4, as well as approved the plan of measures related to this reorganization.



December 30. Extraordinary general meetings of shareholders of Berezovsk SDPP, Smolensk SDPP, Shatura SDPP-5, and Yayva SDPP decided to increase their authorized capitals by increasing their shares' nominal value.

Establishment of WGC-5

January. The first stage of WGC-5 formation has been completed: RAO "UES of Russia" fully paid for the authorized capital of WGC-3, including payments in shares of corresponding AO-power plants.

May. A consortium of investment banks invited by RAO "UES of Russia" took measures to implement projects for both transition to a single share in WGC-5 and a merger of AO-Power Plants with and into WGC-5.

June. The following measures were completed in June: the appraisal of shares of WGC-5 and AO-Power Plants included in its configuration, as well as measures to calculate share exchange ratios and conversion ratios for converting shares of subsidiary AO-Power Plants to those of the parent company (WGC-5).

June 24. The RAO UESR Board of Directors addressed the issue of approving share exchange ratios used for the purpose of transition to a single share in WGC-5, as well as conversion ratios for the purpose of joining subsidiary AO-Power Plants to the parent company (WGC-5).

July 11. The Board of Directors of Konakovo SDPP approved a consortium comprising Pacholi. Audit Company, Co-Invest, and Professional Appraisal Center to appraise the market value of shares for the purpose of redemption.

July 25. As far as transition to a single share in WGC-5 is concerned, RAO "UES of Russia" has imposed conditions on shareholders of Konakovo SDPP, under which Konakovo SDPP-owned shares of AO-power plants may be exchanged for shares of WGC-5.

Those shareholders of Konakovo SDPP, who are interested in becoming the shareholders of WGC-5 and agree to exchange their shares under conditions, approved by WGC-5 and the RAO UESR corporate management, should make the exchange offer and present a previously signed package of documents till August 26, 2005.

Suggested exchange ratios equal to 19 ordinary shares of WGC-5 for one ordinary share of Konakovo SDPP. Calculation of this ratio is based on the market value appraisal of WGC-5 and Konakovo SDPP shares, made by the consortium of independent appraisers comprising Pacholi. Audit Company, Professional Appraisal Center, and Co-Invest.

The consortium of investment banks comprising Alfa-Bank and Merrill Lynch International proved that financially the ratios are correct in relation to both RAO "UES of Russia" and minority shareholders of Konakovo SDPP. The consortium presented its conclusions to the RAO UESR Board of Directors.

July 28. The Board of Directors of WGC-5 advised the RAO UESR Board of Directors (which performs the functions of the general meeting of shareholders of WGC-5) to make a final decision concerning reorganization of WGC-5 in terms of a merger with Konakovo SDPP and Nevinomyssk SDPP, and to approve a contract, which determines merger conditions.

September 9. In order to increase capitalization of the company in September, WGC-5, jointly with the Deutsche Bank, has begun to place unsponsored GDRs (global deposit receipts) on the following European stock exchanges: "The London Stock Exchange" (London) and "Deutsche Boerse" (Frankfurt).

September 12. Transition to a single share is completed (exchange of WGC-5-owned shares for those owned by minority shareholders of Konakovo SDPP). The share of WGC-5 in the authorized capital of Konakovo SDPP increased up to 88,7%, the share of RAO UESR in the authorized capital of WGC-5 after the above-mentioned transition is equal to 90,25%.

September 13. Securities of WGC-5 are unlisted securities, being admitted for trading by MICEX, RTS Stock Exchange, and NP RTS without listing. The code OGKE was given to the shares of WGC-5.



November 18. The extraordinary general meeting of shareholders of WGC-5:

- Decided to reorganize the company in terms of a merger with Konakovo SDPP and Nevinomyssk SDPP;
- Approved the merger agreement;
- Decided to increase the company's authorized capital by placing additional shares, which should be paid for by shares of the companies to be affiliated (i.e. Konakovo SDPP and Nevinomyssk SDPP).

November 22. Extraordinary general meetings of shareholders of Konakovo SDPP and Nevinomyssk SDPP:

- Decided to reorganize the companies in terms of a merger with and into WGC-5;
- Approved the merger agreement;
- Approved the transfer act for the companies being reorganized in terms of a merger with and into WGC-5;
- Decided to increase the authorized capitals of Konakovo SDPP and Nevinomyssk SDPP by increasing the nominal value of shares placed by these companies.

December 16. The Board of Directors of WGC-5 scheduled it for 25.01.2006 to hold a joint general meeting of shareholders of WGC-5, Konakovo SDPP, and Nevinomyssk SDPP to discuss amendments and additions to WGC-5 Article of Association due to the company's reorganization in terms of a merger.

Establishment of WGC-6

March 17. The Sixth Generation Company of the Wholesale Power Market (WGC-6) has undergone state registration procedure in the city of Rostov-on-Don, in Leninsky region Inspectorate of the Federal Tax Service.

April 22. RAO "UES of Russia" completed payments for the authorized capital of WGC-6 in cash assets.

May 16. RAO "UES of Russia" contributed its shares of Krasnoyarsk SDPP to the authorized capital of WGC-6, thus paying in full for WGC-6 authorized capital. Previously (on May 6, 2005), RAO "UES of Russia" contributed its shares of Ryazan SDPP, Kirishi SDPP, and Novochoerkassk SDPP to the authorized capital of WGC-6.

May 17. The Federal Financial Markets Service (FFMS of Russia) registered both the initial issue of WGC-6 ordinary shares and the report on the issue results.

August 17. Extraordinary general meetings of shareholders of Kirishi SDPP, Krasnoyarsk SDPP-2, Novochoerkassk SDPP, and Ryazan SDPP decided to transfer executive powers of the companies to WGC-6.

August. Boards of Directors of AO- power plants, included in the configuration of WGC-6, approved the form and conditions of contracts for the transfer of executive powers to WGC-6:

↓ August 19

Kirishi SDPP
Krasnoyarsk SDPP-2
Novochoerkassk SDPP
Ryazan SDPP

↓ August 31

SDPP-24

August 29. The extraordinary general meeting of shareholders of SDPP-24 decided to transfer executive powers to WGC-6.

September. Boards of Directors of spun off companies included in the configuration of WGC-6 approved the consortium comprising Expert Group Ltd. and Baker Tilly Rusaudit as an independent appraiser to appraise the market value of shares for the purpose of redemption, including:

↓ September 5

Krasnoyarsk SDPP-2
Novochoerkassk SDPP
Ryazan SDPP

↓ September 20

SDPP-24



September 12. The Board of Directors of SDPP-24 decided to approve the terms and conditions of the contract with WGC-6 management company.

November 22 (*transition WGC operating model*). The extraordinary general meeting of shareholders of Cherepovetsk SDPP decided to transfer executive powers to WGC-6 management company.

November 30 (*transition WGC operating model*). The Board of Directors of Cherepovetsk SDPP approved the contract for the transfer of executive powers to WGC-6 management company.

December 15. The Board of Directors of Cherepovetsk SDPP approved a Consortium comprising Expert Group Ltd. and Baker Tilly Rusaudit as an independent appraiser to appraise market value of shares for the purpose of their subsequent buy-out.

Establishment of HydroWGC

September 30. Extraordinary general meetings of shareholders of Zagorsk HEPSPP, Stavropol Electricity Generation Company, Zeya HEPP, Sayano-Shushensk HEPP decided to transfer executive powers to Volga Hydropower Cascade Management Company (Volga Hydropower Cascade Management Company – 100% - 1 share of HydroWGC).

October 25. In order to implement measures related to the company's establishment, the Board of Directors of HydroWGC suggested the general meeting of shareholders of the Company (the RAO UESR Board of Directors) to approve the increase of HydroWGC authorized capital by means of additional issue of shares.



SCHEDULE OF KEY EVENTS RELATED TO ESTABLISHMENT OF WGCs

No	WGC/AO-Power Plant	Approval of WGC Project by the RAO UESR Board of Directors (COMPLETED)	Date of state registration of WGCs (COMPLETED)	Date of state registration of the last split-off AO-Power Plant in WGC structure	EGM WGC on such issues as: 1) the authorized capital increase by means of allocation of additional stocks of WGCs (excluding WGC-5) and 2) takeover	EGM AO-Power Plants on restructuring by takeover by WGC	Completion of key WGC establishment measures (completion of allocation of additional stocks, excluding WGC-5) and transfer to a single share	Completion of takeover-based restructuring of WGCs (registration in the United Stage Register of Corporate Entities)	
1.	WGC-1, structure	V-Tagil SDPP (RAO UESR), Perm SDPP (FPS 100%), Kashira SDPP-4 (Mosenergo 50.87%), Irkino SDPP (Orenburgenergo 100%), Nizhnevartovsk SDPP (Tyumenenergo 100%), Urengoy SDPP (Tyumenenergo 100%)	24.12.2004	01.07.2005	23.12.2005	10.04.2006	31.05.2006	21.08.2006	
2.	WGC-2, structure	Pskov SDPP (FPS 50%+share in the construction of 3rd block), Stavropol SDPP (FPS 51%), Troitsk SDPP (FPS 100%), Serov SDPP (Sverdlovenergo 49%), Surgut SDPP-1 (Tyumenenergo 100%)	23.03.2005	01.07.2005	23.12.2005	10.04.2006	31.05.2006	21.08.2006	
3.	WGC-3 ¹⁾ , structure	Gusinozersk SDPP (FPS 100%), Kostroma SDPP (FPS 51%), Pechora SDPP (FPS 51%), Khanorsk SDPP (FPS 100%), Cherepetsk SDPP (FPS 55.79%), S-Ural SDPP (Chelyabenergo 49%)	09.03.2005	01.07.2005	25.11.2005	10.04.2006	31.05.2006	21.08.2006	
4.	WGC-4, structure	Bereznovsk SDPP-1 (FPS 100%+ share in the construction of 3rd block), Smolensk SDPP (Smolenskenergo 48.68%), Shatusk SDPP-5 (Mosenergo 50.87%), Yawva SDPP (Permenergo 49%), Surgut SDPP-2 (Tyumenenergo 100%)	23.11.2004	31.01.2005	30.09.2005	22.11.2005	14.12.2005	31.03.2006	
5.	WGC-5 ¹⁾ , structure	Konakovo SDPP (FPS 51%), Nevinomyssk SDPP (FPS 100%), Reftino SDPP (leased from RAO UESR), S-Ural SDPP (leased from RAO UESR)	04.03.2005	01.07.2005	23.12.2005	10.04.2006	31.05.2006	21.08.2006	
6.	WGC-6, structure	Kirishi SDPP (FPS 100%), Krasnoyarsk SDPP-2 (FPS 100%), Novocherkassk SDPP (FPS 100%), Ryazan SDPP (FPS 100%), SDPP-24 (Mosenergo 50.87%), Cherepovets SDPP (Volgdaenergo 49%)	27.10.2004	—	18.11.2005	22.11.2005	12.09.2005	31.03.2006	
7.	HydroWGC, structure	Subsidiaries and affiliates: HydroWGC Management Company (HydroWGC Management Company (former Volga Hydropower Cascade Management Company), 100% of authorized capital – 1 share), Volga HEPP (83.31% of authorized capital), Votkinsk HEPP (59.84% of authorized capital), Zhigulyovsk HEPP (84.11% of authorized capital), Kama HEPP (100% of authorized capital – 1 share), Upper Volga Cascade HEPPs (100% of authorized capital – 1 share), Nizhni Novgorod HEPP (100% of authorized capital – 1 share), Saratov HEPP (100% of authorized capital – 1 share), Boguchansk HEPP (64.22% of authorized capital), Bureya HEPP (15.91% of authorized capital), Zaramagk HEPP (77.45% of authorized capital), Zeya HEPP (56.39% of authorized capital), Zelenchuki HEPP (97.29% of authorized capital), Kabbalk HEPP (50.34% of authorized capital), OAO Neporozhny Sayano-Shushenskoe HEPP (78.8% of authorized capital), OAO Sulakenergo (53.62% of authorized capital). By the end of 2006 the following property of RAO UESR should be contributed to the authorized capital of HydroWGC: • property complex of Novosibirsk HEPP; • shares of joint-stock companies – hydroelectric power plants established under restructuring of AO-Energo companies: Cheboksary HEPP (100% - 1 share), Dagestan Regional Generation Company (51%), Zagorsk HEPPSP (51%), Stavropol Power Generation Company (55%); • additionally issued shares of Bureya HEPP, Zaramagk HEPPs, Sulakenergo, Zelenchuki HEPPs; • additionally issued shares of joint-stock companies established on the base of property of hydroelectric power plants (including those under construction) owned by subsidiaries and affiliates of RAO UES of Russia; • other property to be contributed to HydroWGC according to Russian Federation Government Resolution No. 1254-r of September 1, 2003 (version of October 25, 2004) and decisions made by management agencies of RAO UES of Russia.	24.12.2004	17.03.2005	01.10.2005	23.12.2005	30.04.2006	31.05.2006	30.09.2006
	establishment schedule	24.12.2004	26.12.2004	01.07.2005	28.10.2005	—	30.12.2006	—	

1) Dates of the establishment of WGC-3 and WGC-5 have been put off (scheduled date of completion of transition to unified shares: June 2005) due to rescheduling of dates of completion of appraisal measures for the purpose of transition to unified shares (as of 31.05.2005 by the Appraisal Committee under the RAO UESR Board of Directors did not approve "The Outlook for Prices and Volume in the Wholesale Market until 2020" developed by NERA company).

Color marked are regional generation companies to be split-off from the AO-Energos being restructured.

ESTABLISHMENT OF TERRITORIAL GENERATION COMPANIES (TGCs)

Territorial generation companies (TGCs) are the companies that will become wholesale and retail electricity market participants (in retail markets they will also sell heat). TGCs are being established on the basis of generation assets of AO-Energos (but for isolated AO-Energos and power plants, which are included in the configuration of WGCs).

Interregional integration of generation assets of regional energy companies into TGCs provides opportunities for the establishment of financially secure companies, which will be able to successfully operate in the competitive wholesale electricity market, as well as to supply regional consumers with heat.

Target operating model for each of TGCs involves formation of stand-alone operating companies due to reorganization of regional generation companies (RGCs) and TGCs.

The basic model for TGCs formation implies that at the initial stage TGCs are established as wholly-owned subsidiaries of RAO "UES of Russia" with minority shareholders of RGCs being able to participate in the authorized capitals of TGCs. Alongside with the basic model, it is possible to use the alternative model, which allows for joint establishment of TGCs by several AO-Energo companies (RGCs).

In the process of reorganization shareholders of RGCs may convert their shares for shares of TGCs at fair conversion ratios.

If shareholders of separate RGCs fail to approve the merger (due to peculiarities of shareholder structure), these RGCs are supposed to become subsidiaries of TGCs, which leads to the situation when TGCs are functioning as production and financial (or just financial) holdings.

In order to encourage TGCs to start their operations as soon as possible, formation models for some TGCs allow for implementation of the following intermediate mechanisms:

- lease of generation capacities of corresponding RGCs (AO-Energos) by TGCs;
- transfer of executive powers of corresponding RGCs to TGCs.

Pursuant to the Russian Federation Government Resolution "The Main Directions of the Electric Power Industry Reform" №526 of July 11, 2001 the Board of Directors of RAO "UES of Russia" held on April 23, 2004 approved the establishment of 14 TGCs. Their configuration was specified in the Board of Directors' decision of February 3, 2006.

As of December 31, 2005 13 TGCs have undergone the state registration procedure (TGC-12 is being formed as per the "non-basic" model; the schedule for its establishment will be determined in accordance with Kuzbassenergo purchasing generation and heating network assets of Altaienergo pursuant to the RAO UESR Board of Directors' decision of December 23, 2005).

In 12 TGCs regional generation companies (RGCs) merge with and into TGCs. TGC-5, TGC-6, TGC-8, and TGC-9 held general meetings of shareholders of RGCs on reorganization in terms of a merger with and into these TGCs.

In February 2006 the RAO UESR Board of Directors approved the Appendix to the Concept of RAO UESR's Strategy (the "5+5"), which contains timeframe for both TGCs formation and launch of trading of their shares on the stock market: the measures are scheduled for 2006-2007.



KEY EVENTS

FEBRUARY 2005

February 1. *TGC-14* starts operating activities.

February 25. The Board of Directors of RAO “UES of Russia” approved projects for the establishment of *TGC-2*, *TGC-4*, and *TGC-6*.

February 25. *TGC-14* – Boards of Directors of *Buryatenergo* and *Chitaenergo* approved short-term contracts for lend-lease of AO-Energo generation facilities to the territorial generation company.

MARCH 2005

March 22. State registration of *TGC-5* and *TGC-8*.

March 25. State registration of *TGC-1*.

March 25. *TGC-9* – General meetings of shareholders of *Permenergo* and *Sverdlovenegero* were convened to approve the contract for lend-lease of AO-Energo generation facilities to the territorial generation company.

March 25. The Board of Directors of the RAO “UES of Russia” approved participation of the *Company in Norilsk-Taimyr Energy Company* in conjunction with *Mining and Metallurgical Company Norilsk Nickel*.

March 30. The state registration of *TGC-10*.

APRIL 2005

April 1. *TGC-9* starts operating activities.

April 19. State registration of *TGC-2*.

April 20. State registration of *TGC-4*.

April 27. The state registration of *TGC-6*.

MAY 2005

May 23. Extraordinary general meeting of *TGC-1* approved lease contracts between *Lenenergo*, *Karelenegerogeneration*, and *TGC-1*.

May 27. The RAO UESR Board of Directors decided to complete the establishment of *TGC-8* and *TGC-9* by means of their reorganization in terms of a merger with regional generation companies included in the configuration of these TGCs.



JUNE 2005

June 24. The RAO UESR Board of Directors approved the configuration of *TGC-11 and TGC-12*.

June 27. The extraordinary general meeting of *Lenenergo* approved the property lease agreement between *Lenenergo and TGC-1*.

June 28. State registration of *TGC-13*.

June 29. Extraordinary general meetings of *Vyatka Heat Power Company, Mari Regional Generation Company, and Udmurtian Territorial Generation Company* approved property lease agreements with *TGC-5*.

June 29. Extraordinary general meetings of *Bryansk Generation Company, Kursk Generation Company, Lipetsk Generation Company, Orel Generation Company, Ryazan Heat Supply Company, Smolensk Generation Company, Tambov Generation Company, and Priokskaya Territorial Generation Company* decided to transfer executive powers to *TGC-4* management company.

June 30. Extraordinary general meetings of *Astrakhan Regional Generation Company, Volga Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company* approved property lease agreements with *TGC-8*.

JULY 2005

July 1. *TGC-5* and *TGC-8* start their operating activities.

July 1. The Board of Directors of RAO "UES of Russia" approved the establishment project for *TGC-11*.

July 11. Extraordinary general meetings of shareholders of *Voronezh Generation Company* and *Kaluga Generation Company* decided to transfer executive powers of the companies to *TGC-4*.

July 29. The RAO UESR Board of Directors:

- Updated the previous decisions related to *TGC-13* restructuring model;
- Approved the transition model for *TGC-6* operations.

AUGUST 2005

August 1. State registration of *Volga Territorial Generation Company*.

August 26. State registration of *TGC-11*.

August 31. The extraordinary general meeting of shareholders of *Vladimir Generation Company* decided to transfer executive powers of the company to *TGC-6* management company.

SEPTEMBER 2005

September 14, 15. The extraordinary general meetings of shareholders of *Ivanovo Generation Company, Mordovian Generation Company, Nizhni Novgorod Generation Company, and Penza generation Company* decided to transfer executive powers of the companies to *TGC-6* management company.



September 21. The extraordinary general meeting of shareholders of *Lenenergo* approved additional agreement to the lease contract between *Lenenergo* and *TGC-1*.

September 26. The extraordinary general meeting of shareholders of *TGC-1* approved amendments to generation property lease agreements between *Lenenergo*, *Kolenergo*, *Karelenergogeneration* and *TGC-1*.

September 30. The extraordinary general meeting of shareholders of *Tomskenergo* decided to transfer executive powers of the company to *TGC-11* management company.

September 30. The Board of Directors of RAO "UES of Russia":

1. Determined the procedure to complete formation of *TGC-9* as per its target model.
2. Approved the transition model and amended the assets acquisition scheme for *Chelyabinsk Generation Company* and *Tyumen Regional Generation Company* in the process of *TGC-10* establishment.

OCTOBER 2005

October 1. *TGC-1* and *Norilsk-Taimyr Power Company* started their operating activities.

October 14. The extraordinary general meeting of shareholders of *Tyumen Regional Generation Company* (the RAO UESR Management Board) decided to transfer executive powers of the companies to *TGC-10* management company.

October 21. The extraordinary general meeting of shareholders of *Omsk Power Generation Company* decided to transfer executive powers of the companies to *TGC-11* management company.

October 28. The Board of Directors of RAO "UES of Russia" approved:

- modification of *TGC-2* restructuring model;
- terms and conditions of *TGC-5*, *TGC-6* and *TGC-8* reorganization in terms of a merger.

NOVEMBER 2005

November 18. The extraordinary general meeting of shareholders of *Chelyabinsk Generation Company* decided to transfer executive powers of the company to *TGC-10* management company.

November 25. The RAO UESR Board of Directors approved characteristic features of *TGC-4* target model as far as completion of its formation by reorganization in terms of a merger is concerned.

November 29. The extraordinary general meeting of shareholders of *Krasnoyarsk Generation* decided to transfer executive powers of the company to *TGC-13* management company.

DECEMBER 2005

December 4 - 6. Extraordinary general meetings of shareholders of *TGC-5*, *Vyatka Power and Heat Company*, *Mari Regional Generation Company*, *Udmurtian Territorial Generation Company*, and *Chuvashi Generation Company* decided to reorganize the companies in terms of a merger, i.e. by joining RGCs to *TGC-5*, and approved merger agreements.

December 19, 20. Extraordinary general meetings of shareholders of *TGC-9*, *Perm Generation Company*, and *Sverdlovsk Generation Company* decided to reorganize the companies in terms of a merger, i.e. by joining RGCs to *TGC-9*, and approved the merger agreements.



December 23. The RAO UESR Board of Directors:

- **Approved** completion of **TGC-2** formation as per its target model by reorganizing **Arkhangelsk Generation Company, Kostroma Generation Company, Novgorod Generation Company, Tver Generation Company, Yaroslavl Power Company, and Vologda CHP** in terms of a merger with and into **TGC-2**;
- **Approved** purchasing of additionally issued shares of **TGC-6** by RAO UES of Russia with payment in RAO UESR-owned shares of **Nizhni Novgorod Generation Company, Penza Generation Company, Ivanovo Generation Company, Vladimir Generation Company, Mordovian Generation Company, and Mordovian Heat Network Company**;
- **Approved** **TGC-12** formation model;
- **Approved** the trust agreement for RAO “UES of Russia” to hold in trust shares of **Murmansk CHP and Apatity CHP (RAO “UES of Russia” (Trustor) and TGC-1 (Trustee) enter into this contract).**

December 23 - 29. Extraordinary general meetings of shareholders of **TGC-8 Southern Generation Company, Astrakhan Regional Generation Company, Volga Regional Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Generation Company** decided to reorganize the companies in terms of a merger of RGCs with and into **TGC-8**, and approved merger agreements.

December 28. The extraordinary general meeting of shareholders of **TGC-8 Southern Generation Company** (Lessee) approved conclusion of generation property lease agreement with **Kubanenergo** (Lessor).

December 30. Extraordinary general meetings of shareholders of **Vladimir Generation Company, Mordovian Generation Company, and Penza Generation Company** decided to reorganize the companies in terms of a merger with and into **TGC-6** and approved merger agreements.

CHRONICLE OF EVENTS

Approval of TGC establishment projects

January 24. The RAO UESR Management Board approved TGC-2 and TGC-4 establishment projects.

February 25. The RAO UESR Board of Directors approved TGC-2, TGC-4 and TGC-6 establishment projects as per the lease-based model, which involves subsequent merger of regional generation companies established under reorganization of AO-Energos with and into these territorial generation companies.

March 14. The RAO UESR Management Board resolved to complete formation of TGC-9 by reorganizing it in terms of a merger with Perm Generation Company and Sverdlov Generation Company. The reorganization will be followed by contribution to the authorized capital of TGC-9 of shares of generation companies established under reorganization of Joint-Stock Energy Company Komienergo.

March 21. The RAO UESR Management Board approved the merger-based model for TGC-8 establishment: Astrakhan Regional Generation Company, Volga Generation Company (Volgogradenergo), Rostov Generation Company and generation companies established under reorganization of Dagenergo and Stavropolenergo, will merge with and into TGC-8.



March 25. The RAO UESR Board of Directors approved participation of the company in Norilsk-Taimyr Energy Company (NTEC). Open Joint-Stock Company NTEC is being established by RAO "UES of Russia" and MMC Norilsk Nickel. Authorized capital of the company will be 1,000,000 RUR divided into 1,000 ordinary shares to be paid for in cash within three months following the state registration of NTEC.

The RAO UESR Board of Directors approved the 10-year lease of RAO UESR-owned assets of its wholly owned subsidiary Taimyrenenergo by NTEC. Assets of Norilskenergo, the affiliate of MMC Norilsk Nickel, shall also be leased out to NTEC. Pursuant to the Board of Directors' decision, the share of RAO "UES of Russia" in the authorized capital of NTEC will be 49%, while MMC Norilsk Nickel will hold the 51% interest.

May 27. The RAO UESR Board of Directors decided to complete the establishment of TGC-8 by means of its reorganization in terms of a merger with Astrakhan Regional Generation Company, Volga Generation Company, Rostov Generation Company, Dagestan Heat Generation Company, and Stavropol Heat Generation Company. The issue of including generating assets of Kubanenergo in TGC-8 will be addressed after determining its restructuring schedule.

May 27. The RAO UESR Board of Directors decided that it is expedient to complete the establishment of TGC-9 by means of its reorganization in terms of a merger with Perm Generation Company and Sverdlovsk Generation Company. Additionally issued shares of TGC-9 will be subsequently paid for by shares of generation company to be separated from Joint-Stock Company Komienergo.

June 24. The RAO UESR Board of Directors approved new configurations for TGC-11 and TGC-12:

- TGC-11 is to be established on the basis of the generation assets of Tomskenergo and Omskenergo;
- TGC-12 is to be established on the basis of the generation assets of Altaienergo and Kuzbassenergo (but for generation facilities to be separated from these companies).

July 1. The RAO UESR Board of Directors approved the establishment project for TGC-11, which envisages:

- Establishment of TGC-11 as RAO UESR's wholly-owned subsidiary.
- Transfer of executive powers of Tomskenergo and Omsk Power Generation Company to TGC-11.
- Reorganization of Tomskenergo, Omsk Power Generation Company and TGC-11 in terms of a merger.
- Increase of the authorized capital of TGC-11 by placing additional TGC-11-owned shares, paying for them in shares of Tomakenergo and Omsk Power Generation Company (if it is impossible to establish TGC-11 on a takeover basis).

July 29. The RAO UESR Board of Directors decided to add some measures to its decision №181 of November 26, 2004. These measures are designed to transfer executive powers of Khakass Generation Company and Krasnoyarsk Generation to TGC-13. The Board of Directors also approved a merger of Khakas Generation Company and TGC-13 with Krasnoyarsk Generation and then renamed Krasnoyarsk Generation to TGC-13. If it is impossible to take the decision to implement this merger scheme, the authorized capital of TGC-13 should be increased. It will be paid for in shares of Khakas Generation Company and Krasnoyarsk Generation.

July 29. The RAO UESR Board of Directors approved the transition operating model for TGC-6, which implies that executive powers of Vladimir Generation Company, Ivanovo Generation Company, Mordovian Generation Company, Mordovian Heat Network Company, Nizhni Novgorod Generation Company and Penza Generation Company will be transferred to TGC-6 before the merger is completed (RGCs merge with and into TGC-6).



September 30. The RAO UESR Board of Directors:

1. Determined the procedure for TGC-9 formation as per its target model by means of its reorganization in terms of a merger with Perm Generation Company and Sverdlovsk Generation Company. This procedure involves additional issue of TGC-9 shares, namely 4 826 943 529 970 ordinary shares at 0,003 rub. par value each, and increase of the authorized capital of TGC-9 by placing additional ordinary shares. This is done by converting "A"- type ordinary and preference shares of Perm Generation Company and Sverdlovsk Generation Company into additional ordinary shares of TGC-9 using previously approved conversion ratios. All measures are implemented in keeping with the merger agreement. Integration of generation facilities of Joint-Stock Energy Company Komienergo into TGC-9 is scheduled after unbundling of this AO-Energo. This will be done by contributing shares of generation company to be separated from Joint-Stock Energy Company Komienergo as payment for TGC-9 additional shares.

2. Approved amendments to the TGC-10 establishment scheme, including:

- First stage: Tyumen Regional Generation Company and TGC-10 merge with and into Chelyabinsk Generation Company;
- Second stage: Kurgan Generation Company (after Kurganenergo restructuring) merges with previously reorganizaed in terms of a merger Chelyabinsk Generation Company and TGC-10. Subsequently, Chelyabinsk Generation Company will be renamed TGC-10.

A transition operating model for TGC-10 has been approved. It includes the transfer of executive powers of Chelyabinsk Generation Company and Tyumen Regional Generation Company to TGC-10 management company.

October 28. The RAO UESR Board of Directors:

1. Decided that it is expedient to complete TGC-2 establishment by reorganizing it in terms of a merger with Arkhangelsk Generation Company, Kostroma Generation Company, Novgorod Generation Company, Tver Generation Company, Yaroslavl Energy Company, and Vologda CHP, since the state registration of the mentioned regional generation companies, separated from previously restructured AO-Energos, has already been completed. The RAO UESR Board of Directors also approved contribution of shares of one or several RGCs as payment for TGC-2 additionally issued shares, if general meetings of shareholders of these RGCs refuse to reorganize these companies in terms of a merger with TGC-2.

2. Decided that it is expedient to complete formation of TGC-5 as per its target model by means of its reorganization in terms of a merger with Vyatka Power and Heat Company, Mari Regional Generation Company, Udmurtian Regional Generation Company, and Chuvashi Generation Company. In this regard:

- if general meetings of shareholders of all RGCs to be affiliated, excluding Mari Regional Generation Company, approve reorganization of these companies in terms of a merger with and into TGC-5, approved additional issue of TGC-5 shares (with joining of other RGCs completed) with the purpose of exchanging them for shares of Mari Regional Generation Company, owned by shareholders, who supported the merger or didn't participate in voting;
- if general meetings of shareholders of Vyatka Power and Heat Company or Udmurtian Territorial Generation Company refuse to restructure these companies in terms of a merger with and into TGC-5, another target model for TGC-5 formation is to be implemented. This model envisages additional issue of the company's shares with the purpose of exchanging them for shares of Vyatka Power and Heat Company, Mari Regional Generation Company, Udmurtian Territorial Generation Company, and Chuvashi Generation Company, owned by shareholders, who supported the merger or didn't participate in voting.

Conversion ratios at which RGCs shares will be converted to those of TGC-5 have also been approved.

3. Approved TGC-6 reorganization in terms of a merger with Nizhni Novgorod Generation Company, Penza Generation Company, Mordovian Generation Company, Ivanovo Generation Company, and Vladimir Generation Company. In this regard:



- if general meetings of shareholders of two or more RGCs to be merged with TGC-6 fail to approve the merger, to consider reorganization in terms of a merger as inexpedient and thus to issue additional shares of the company, which will be paid for in shares of RGCs;
- if general meetings of shareholders either of all or of four RGCs approve the merger, to place additionally issued shares of TGC-6, paying for them in shares of those RGCs, shareholders of which failed to support the merger with and into TGC-6.

Conversion ratios at which RGCs shares will be converted to those of TGC-6 have also been approved.

4. Decided to reorganize TGC-8 in terms of a merger with Astrakhan Regional Generation Company, Volga Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company, with subsequent contribution of shares of generation company to be established after Kubanenergo reorganization as payment for TGC-8 additionally issued shares. In this regard:

- if general meetings of shareholders of most RGCs fail to approve the merger of these companies with and into TGC-8, approved establishment of TGC-8 in the form of a Holding. Thus, open joint-stock company “The Eighth Territorial Generation Company” will be established, with the shares of the following companies to be contributed to its authorized capital:

- 1) At the first stage, RAO UESR-owned shares of Astrakhan Regional Generation Company, Volga Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, Stavropol Heat Generation Company, and TGC-8;
- 2) At the second stage, RAO UESR-owned shares of the generation company to be established after Kubanenergo restructuring;

- if shareholders of most RGCs approve the companies' reorganization in terms of a merger (but for the company to be established under Kubanenergo restructuring), approved establishment of TGC-8 as per its target model, i.e. in terms of a merger with these RGCs, provided that the general meeting of shareholders of TGC-8 decides to issue additional shares of the company with the payment in RGCs shares, owned by the RAO UESR minority shareholders, who supported the merger or didn't participate in voting at the general meeting of shareholders on restructuring (shares of RGCs can be contributed as payment only if general meetings of shareholders of these RGCs failed to approve the merger with TGC-8);
- if general meeting of shareholders of TGC-8 fails to approve additional issue of shares, to establish TGC-8 in the form of a Holding.

Conversion ratios at which RGCs shares will be converted to those of TGC-8 have also been approved.

November 25. The meeting of the RAO UESR Board of Directors held to address the issue of completion of **TGC-4** formation as per its target model:

- Decided that it is expedient to complete formation of TGC-4 by reorganizing Bryansk Generation Company, Voronezh Generation Company, Kaluga Generation Company, Kursk Generation Company, Lipetsk Generation Company, Orel Generation Company, Prioksk Territorial Generation Company, Ryazan Heat Supply Company, Smolensk Generation Company, Tambov Generation Company, and Power and Heat Company in terms of a merger with TGC-4.
- Decided that it is expedient to increase the authorized capital of TGC-4 by means of additional issue of shares if general meetings of either one or several RGCs refuse to restructure the companies in terms of a merger. Shares of the mentioned RGCs owned by RAO UESR and minority shareholders, who voted for the merger or didn't participate in voting at the general meetings of shareholders to address restructuring, will be contributed as payment for additionally issued shares of TGC-4.
- Approved conversion ratios at which RGCs shares will be converted to those of TGC-4;
- Cancelled the previously approved Decision taken by the RAO UESR Board of Directors on 25.02.2005 (*journal №188*) to establish a wholly owned subsidiary – Prioksk Investment Company - with the purpose of contributing RAO UESR-owned shares of regional generation companies included in the configuration of TGC-4 to its authorized capital.



December 23. The RAO UESR Board of Directors:

1. With regard to formation of TGC-1:

- Approved conclusion of the trust agreement between RAO UES of Russia (Trustor) and TGC-1 (Trustee) for shares of Murmansk CHP and Apatity CHP, split off under Kolenergo restructuring.

2. With regard to formation of TGC-2:

- Approved completion of TGC-2 formation as per its target model by reorganizing Arkhangelsk Generation Company, Kostroma Generation Company, Novgorod Generation Company, Tver Generation Company, Yaroslavl Energy Company, and Vologda CHP in terms of a merger with and into TGC-2;
- Determined conversion ratios at which shares of regional generation companies (RGCs) included in TGC-2 configuration will be converted to TGC-2 shares, and approved the procedure for converting ordinary and preference shares of RGCs to those of TGC-2;
- Announced that the merger agreement specifies main terms and conditions for TGC-2 reorganization in terms of a merger with those RGCs which are included in its configuration.

3. With regard to formation of TGC-6:

- Approved the purchase of additionally issued shares of TGC-6 by RAO "UES of Russia" with payment in RAO UESR-owned shares of Nizhni Novgorod Generation Company, Penza Generation Company, Ivanovo Generation Company, Vladimir Generation Company, Mordovian Generation Company, and Mordovian Heat Network Company at placement price fixed by both the Board of Directors and the general meeting of shareholders of TGC-6;
- Fixed the price for alienation of shares of Nizhni Novgorod Generation Company, Penza Generation Company, Ivanovo Generation Company, Vladimir Generation Company, Mordovian Generation Company, and Mordovian Heat Network Company, based on valuation report by an independent appraiser.

4. With regard to formation of TGC-12:

- Decided that it is expedient to form TGC-12 by purchasing generation and heating network assets of Altaienergo by Kuzbassenergo;
- Decided to establish TGC-12 (a wholly owned subsidiary of RAO "UES of Russia") with subsequent acquisition of Altaienergo assets by TGC-12 and merger with Kuzbassenergo, if Kuzbassenergo fails to purchase generation and heating network assets of Altaienergo.

Establishment of TGC-1

ESTABLISHMENT AND STATE REGISTRATION

February 28. The Board of Directors of RAO "UES of Russia" decided to appoint Likhachev A.N. to the position of Director General.

March 25. Open joint stock company "Territorial generation company №1" (TGC-1) has undergone state registration procedure with the Interdistrict Inspectorate of the Federal Tax Service in St. Petersburg.

LEASE-BASED MODEL

March 5. Boards of Directors of Kolenergo and Karelenenergo decided to start reforming AO-Energo generation facilities by leasing the company's generation assets out to the territorial generation company TGC-1.

March 14. The Board of Directors of Lenenergo decided to start reforming AO-Energo generation facilities by leasing the company's generation assets out to territorial generation company TGC-1.



March 17. The meeting of the TGC-1 founders took place. The founders (Lenenergo, Karelenergogeneration, Kolenergo) decided to establish TGC-1 with authorized capital of 10,000,000 RUR. Participation of the founders in the TGC-1 authorized capital is as follows: Lenenergo – 63%, Kolenergo – 25%, Karelenergogeneration – 12%. The meeting of founders approved the Articles of Association of TGC-1, elected the Director General (A.N. Likhachev), the Board of Directors and the Management Board of the company.

April 7. The first meeting of the Board of Directors of Territorial Generation Company No.1 (TGC-1) was held.

- The Board of Directors of TGC-1 approved the issue of ordinary shares of the company and a report on the issue results.
- The Board of Directors of Kolenergo set the lease price for the property to be leased out to TGC-1, as well as approved the property lease agreement between Kolenergo and TGC-1.
- The Board of Directors of Lenenergo commissioned United Financial Group to analyze and report on the amount of lease payment for the property of Lenenergo to be leased out to TGC-1, and decided to hold an in-absentia meeting of the Board of Directors to address the issue of the amount of lease payment and that of convening an extraordinary general meeting.

May 5. The Board of Directors of TGC-1 set the lease price for the property of Lenenergo and Karelenergogeneration to be leased out to TGC-1, and suggested that the general meeting of shareholders of the company approve conclusion of leasing agreements between Lenenergo, Karelenergogeneration and TGC-1 with the period of validity expiring on 31.12.2005.

May 23. Extraordinary general meeting of shareholders of TGC-1 decided to approve lease agreements between Lenenergo, Karelenergogeneration, and TGC-1 with the period of validity expiring on 31.12.2005.

June 27. The extraordinary general meeting of shareholders of Lenenergo approved the property lease agreement between Lenenergo and TGC-1.

August 31. The Board of Directors of Kolenergo decided to approve additional agreement to the lease contract between Kolenergo and TGC-1, because the date of TGC-1 operating activities start was postponed for October 10, 2005.

September 21. The extraordinary general meeting of shareholders of Lenenergo decided to approve additional agreement to the lease contract between Lenenergo and TGC-1 dated June 30, 2005.

September 21. The Board of Directors of Lenenergo approved:

- electric power (capacity) purchase and sale contracts between TGC-1 and Lenenergo;
- agency contract for the sale of electric power (capacity) in the electricity wholesale market between TGC-1 and Lenenergo;
- service agreement between Lenenergo and TGC-1 (services related to the current economic activities are meant here).

September 26. The extraordinary general meeting of shareholders of TGC-1 decided to amend the lease contract for movable and real property to be concluded between Lenenergo, Kolenergo, Karelenergogeneration and TGC-1.

September 26. The Board of Directors of Kolenergo approved:

- electric power (capacity) purchase and sale contracts between TGC-1 and Kolenergo;
- agency contract for the sale of electric power (capacity) in the electricity wholesale market between TGC-1 and Kolenergo;
- service agreement between Kolenergo and TGC-1 (services related to the current economic activities are meant here).



MERGER-BASED MODEL

October. Boards of Directors of TGC-1 and RGCs, included in its configuration, approved the plan of key measures related to the companies' reorganization in terms of a merger, as well as organized the Committee responsible for inquiring suggestions to engage investment bank and independent appraiser (Consortium) to take part in both appraisal of the market value of shares with the purpose of buying out and determination of conversion ratios at which RGCs shares will be converted to those of TGC-1:

- ↓ *October 14*
The Board of Directors of TGC-1
- ↓ *October 18*
The Board of Directors of Petersburg Generation Company
- ↓ *October 28*
The Board of Directors of Kola Generation Company
The Board of Directors of Karelenergogeneration.

November. Boards of Directors of TGC-1 and RGCs, included in its configuration, approved the Expert Group Ltd./Russian Appraisal as independent appraisers to appraise the market value of the companies' shares with the purpose of buying out, as well as to set conversion ratios at which RGCs shares will be converted to those of TGC-1, and approved the candidacy of Unified Financial Group (UFG) as an investment bank in charge for calculating these conversion ratios:

- ↓ *November 11*
The Board of Directors of TGC-1
- ↓ *November 17*
The Board of Directors of Kola Generation Company
The Board of Directors of Karelenergogeneration
- ↓ *November 25*
The Board of Directors of Petersburg Generation Company.

Establishment of TGC-2**ESTABLISHMENT AND STATE REGISTRATION**

April 18. Anatoly Chubais, the Chairman of the RAO UESR Management Board, signed the order to establish TGC-2.

April 19. Open joint stock company "Territorial generation company №2" (TGC-2) has undergone state registration procedure with the Leninsky District Inspectorate of the Federal Tax Service in Yaroslavl.

MERGER-BASED MODEL

March 28. Boards of Directors of Kostroma Generation Company and Novgorodenergo resolved to carry out measures for interregional integration into TGC-2.

March 30. Boards of Directors of Tver Generation Company and Yaroslavl Energy Company resolved to carry out measures for interregional integration into TGC-2.

March 31. The Board of Directors of Vologdaenergo resolved to carry out measures for interregional integration into TGC-2.



April 29.

- The Board of Directors of Arkhangelsk Generation Company decided to start implementation of measures related to the company's interregional integration into TGC-2.
- Boards of Directors of Kostroma Generation Company, Novgorod Generation Company, Tver Generation Company, and Yaroslavl Energy Company approved the membership of the Tender Committee and the Regulations for a competitive tender to select a consortium for performing work related to reorganization of relevant companies in terms of a merger with and into TGC-2.

August. Boards of Directors of established RGCs, included in the configuration of TGC-2, approved the Consortium Troika Dialog Financial Broker, comprising Pacholi. Audit Company, Co-Invest, and Professional Appraisal Center as an independent appraiser to appraise the market value of shares of RGCs and TGC-2 and to calculate conversion ratios at which RGCs shares will be converted to those of TGC-2 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-2, including:

- ↓ *August 25*
Boards of Directors of TGC-2 and Yaroslavl Energy Company
- ↓ *August 29*
Board of Directors of Tver Generation Company
- ↓ *August 30*
Board of Directors of Nizhni Novgorod Generation Company
- ↓ *August 31*
Board of Directors of Kostroma Generation Company

September 2. The Board of Directors of Arkhangelsk Generation Company approved a Consortium comprising Pacholi. Audit Company, Co-invest, and Professional Appraisal Center as an independent appraiser to appraise the market value of the company's shares with the purpose of redemption, and to calculate conversion ratios at which RGCs shares will be converted to those of TGC-2.

Establishment of TGC-4**ESTABLISHMENT AND STATE REGISTRATION**

February 28. The Board of Directors of RAO "UES of Russia" decided to appoint Kochetkov G.A. to the position of Director General.

April 18. Anatoly Chubais, the Chairman of the RAO UESR Management Board, signed the order to establish TGC-4.

April 20. Open joint stock company "Territorial generation company №4" (TGC-4) has undergone state registration procedure with the Inspectorate of the Federal Tax Service in Tambov.

MERGER-BASED MODEL

April 28-29. Boards of Directors of Bryansk Generation Company, Lipetsk Generation Company, Ryazan Heat Supply Company, Tambov Generation Company, and Priokskaya Territorial Generation Company (separated from Tulenergo) decided to launch the implementation of measures related to the companies' interregional integration into TGC-4.



May 11. Boards of Directors of Voronezh Generation Company, Priokskaya Territorial Generation Company, and Tambov Generation Company decided on the conditions and procedure for engaging a Consortium (including an investment bank and an appraiser) to appraise the market value of shares of RGCs and TGC-4, as well as to calculate conversion ratios at which RGCs shares will be converted to those of TGC-4 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-4.

May 11. Boards of Directors of Bryansk Generation Company, Kursk Generation Company, Ryazan Heat Supply Company, and Smolensk Generation Company decided on the conditions and procedure for engaging a Consortium (including an investment bank and an appraiser) to appraise the market value of shares of RGCs and TGC-4, as well as to calculate conversion ratios at which RGCs shares will be converted to those of TGC-4 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-4.

May 13. The Board of Directors of Lipetsk Generation Company decided on the conditions and procedure for engaging a Consortium (including an investment bank and an appraiser) to appraise the market value of shares of the RGC and TGC-4, as well as to calculate conversion ratios at which RGC shares will be converted to those of TGC-4 and/or exchange ratios at which RGC shares will be exchanged for those of TGC-4.

May 14. The Board of Directors of Orel Generation Company decided on the conditions and procedure for engaging a Consortium (including an investment bank and an appraiser) to appraise the market value of shares of the RGC and TGC-4, as well as to calculate conversion ratios at which RGC shares will be converted to those of TGC-4 and/or exchange ratios at which RGC shares will be exchanged for those of TGC-4.

May 16. The Board of Directors of Kaluga Generation Company decided on the conditions and procedure for engaging a Consortium (including an investment bank and an appraiser) to appraise the market value of shares of the RGC and TGC-4, as well as to calculate conversion ratios at which RGC shares will be converted to those of TGC-4 and/or exchange ratios at which RGC shares will be exchanged for those of TGC-4.

June 29. Extraordinary general meetings of shareholders of Bryansk Generation Company, Kursk Generation Company, Lipetsk Generation Company, Orel Generation Company, Ryazan Heat Supply Company, Smolensk Generation Company, Tambov Generation Company, and Priokskaya Territorial Generation Company decided to transfer executive powers of these companies to TGC-4 management company.

July 11. Extraordinary general meetings of shareholders of Voronezh Generation Company and Kaluga Generation Company decided to transfer executive powers of these companies to TGC-4 management company.

July. Boards of Directors of regional generation companies, included in the configuration of TGC-4, approved the Consortium Unified Financial Group comprising Ernst & Young, NP Consult, and International Appraisal Center as an independent appraiser to appraise the market value of RGCs and TGC shares, and to calculate conversion ratios at which RGCs shares will be converted to those of TGC-4 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-4, including:

↓ July 20

The Board of Directors of Bryansk Generation Company

The Board of Directors of Kursk Generation Company

The Board of Directors of Orel Generation Company

The Board of Directors of Ryazan Heat Supply Company

The Board of Directors of Tambov Generation Company

↓ July 21

The Board of Directors of Voronezh Generation Company

↓ July 22



The Board of Directors of Lipetsk Generation Company

↓ July 25

The Board of Directors of Prioksk Territorial Generation Company

↓ July 29

The Board of Directors of Smolensk Generation Company

The Board of Directors of Heat and Power Company.

October 5. The Board of Directors of TGC-4 approved alienation, i.e. disposal of TGC-4 ordinary personal stocks, right of ownership to which was transferred to the company, as they were unpaid under establishment of this TGC.

December. Boards of Directors of RGCs, included in the configuration of TGC-4, scheduled it for 28.02.2006 to hold extraordinary general meetings of shareholders to address reorganization in terms of a merger (RGCs merge with and into TGCs) and approved merger agreements, including:

↓ December 22

Board of Directors of Kaluga Generation Company

↓ December 26

Boards of Directors of Bryansk Generation Company

Boards of Directors of Voronezh Generation Company

Boards of Directors of Kursk Generation Company

Boards of Directors of Lipetsk Generation Company

Boards of Directors of Orel Generation Company

Boards of Directors of Ryazan Generation Company

Boards of Directors of Power and Heat Company

↓ December 28

Boards of Directors of Tambov Generation Company

Boards of Directors of Prioksk Territorial Generation Company

↓ December 29

The Board of Directors of Smolensk Generation Company.

Establishment of TGC-5

ESTABLISHMENT AND STATE REGISTRATION

February 14. The Board of Directors of RAO "UES of Russia" decided to appoint Lebedev V.A. to the position of Director General of TGC-5.

March 22. Open joint stock company "Territorial generation company №5" (TGC-5) has undergone state registration procedure with the Leninsky District Inspectorate of the Federal Tax Service in Cheboksary.

LEASE-BASED MODEL

June 3. Boards of Directors of Vyatka Heat Power Company, Mari Regional Generation Company, and Udmurtian Territorial Generation Company set the rental fee to be paid for the property of these companies, and suggested that the general meetings of shareholders of these companies approve the property lease agreements with TGC-5.

June 29. Extraordinary general meetings of shareholders of Vyatka Heat Power Company, Mari Regional Generation Company, and Udmurtian Territorial Generation Company approved the property lease agreements with TGC-5.

July 1. TGC-5 started its operating activities.



MERGER-BASED MODEL

March 3-4. Boards of Directors of Kirovenergo, Mari Generation Company, Udmurtian Generation Company, Chuvashia Generation Company decided to carry out measures for interregional integration into territorial generation company TGC-5.

April 29. Boards of Directors of Mari Regional Generation Company, Udmurtian Territorial Generation Company, and Chuvashi Generation Company approved the membership of the Tender Committee and the Regulations for a competitive tender to select a consortium for performing work related to reorganization of relevant companies in terms of a merger with and into TGC-5.

May 6. The Board of Directors of Vyatka Generation Company decided on the conditions and procedure for engaging a Consortium (including an investment bank and an appraiser) to appraise the market value of shares of this RGC and TGC-5, as well as to calculate conversion ratios at which RGC shares will be converted to those of TGC-5 and/or exchange ratios at which RGC shares will be exchanged for those of TGC-5.

July 20. Boards of Directors of Vyatka Power Heat Company, Mari Regional Generation Company, Udmurtian Territorial Generation Company and Chuvashi Generation Company approved the Consortium comprising Institute of Enterprise Problems, NEO Center and ABM Partner as an independent appraiser to appraise the market value of RGCs and TGC-5 shares, and to calculate conversion ratios at which RGCs shares will be converted to those of TGC-5 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-5.

September 30. The Board of Directors of TGC-5 approved the decision to alienate (to dispose) the company's shares, which the company acquired as they were partially unpaid during the company's establishment.

November 7. Boards of Directors of Vyatka Power and Heat Company, Mari Regional Generation Company, and Udmurtian Territorial Generation Company made decisions concerning the convocation of extraordinary general meetings of shareholders of these companies, scheduled for 05.12.2005, including:

- approved the merger agreements (for regional generation companies to merge with and into TGC-5);
- put the following issues on the agenda of extraordinary general meetings of shareholders: the companies' reorganization in terms of a merger with and into TGC-5, ratification of the merger agreement and approval of transfer acts.

December. Extraordinary general meetings of shareholders of TGC-5 and RGCs, included in its configuration, decided to reorganize the companies in terms of a merger, i.e. RGCs merge with and into TGC-5, and approved the merger agreements, including:

↓ *December 4*

Extraordinary general meeting of shareholders of Chuvashi Generation Company (the RAO UESR Management Board)

↓ *December 5*

Extraordinary general meeting of shareholders of Vyatka Power and Heat Company

Extraordinary general meeting of shareholders of Mari Regional Generation Company

Extraordinary general meeting of shareholders of Udmurtian Territorial Generation Company

↓ *December 6*

Extraordinary general meeting of shareholders of TGC-5 (the RAO UESR Management Board).

Establishment of TGC-6**ESTABLISHMENT AND STATE REGISTRATION**

February 14. The Management Board of RAO "UES of Russia" decided to appoint Privalov V.V. as a candidate to the position of Director General of TGC-6.



April 25. Anatoly Chubais, the Chairman of the RAO UESR Management Board, signed the order to establish TGC-6.

April 20. Open joint stock company "Territorial generation company №6" (TGC-6) has undergone state registration procedure with the Kanavinsky Region Inspectorate of the Federal Tax Service in Nizhni Novgorod.

MERGER-BASED MODEL

April 1-12. Boards of Directors of Mordovian Generation Company, Nizhni Novgorod Generation Company, Vladimir Generation Company, Penza Generation Company, and Ivanovo Generation Company decided on setting business priorities: the handover of the companies' property to the territorial generation company TGC-6.

April 14-15. Boards of Directors of Nizhni Novgorod Generation Company, Vladimir Generation Company, Ivanovo Generation Company, Mordovian Generation Company, and Penza Generation Company approved the composition of the Tender Committee and the Regulations for a competitive selection of a consortium for performing work related to reorganization of the relevant companies in terms of a merger with and into TGC-6.

April 20. The meeting of Penza Generation Company's Tender Committee (on selecting a consortium for performing work related to reorganization of the company in terms of a merger with and into TGC-6) approved a technical assignment.

June. Boards of Directors of regional generation companies included in TGC-6 configuration were held to approve consortiums to approve the market value of shares of RGCs and TGC, as well as to calculate conversion ratios at which RGCs shares will be converted to those of TGC-6 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-6.

June 17. The Board of Directors of Penza Generation Company approved a consortium comprising an appraisal organization and an investment bank – Alfa-Bank, Moscow.

June 27. The Board of Directors of Vladimir Generation Company approved a consortium comprising an appraisal organization and an investment bank – Alfa-Bank, Moscow.

June 28. Boards of Directors of Ivanovo Generation Company, Mordovian Generation Company, and Nizhni Novgorod Generation Company approved consortiums comprising an appraisal organization and an investment bank – Alfa-Bank, Moscow.

August 31. The extraordinary general meeting of shareholders of Vladimir Generation Company decided to transfer executive powers of the company to TGC-6.

September. Extraordinary general meetings of shareholders of regional generation companies included in TGC-6 configuration decided to transfer executive powers of the companies to TGC-6 management company, including:

↓ *September 14*

EGM of shareholders of Ivanovo Generation Company

↓ *September 15*

EGM of shareholders of Mordova Generation Company

EGM of shareholders of Nizhni Novgorod Generation Company

EGM of shareholders of Penza Generation Company

September 30. Boards of Directors of Vladimir Generation Company, Ivanovo Generation Company, Mordovian Generation Company, Mordovian Heat Network Company, Penza Generation Company decided to approve the Contract on the transfer of executive powers of the companies to TGC-6 management company, and to confirm conditions of this contract.



November 21. In order to prepare the companies for reorganization in terms of a merger with TGC-6, Boards of Directors of Vladimir Generation Company, Ivanovo Generation Company, Mordovian Generation Company, Nizhni Novgorod Generation Company, and Penza Generation Company:

- Considered approximate amount of cash they need to purchase shares from the stakeholders and to satisfy creditor wants, which may appear if extraordinary general meetings of shareholders approve reorganization of the companies.
- Set the price for purchasing shares from those stakeholders who voted against the companies' reorganization in terms of a merger with TGC at the general meeting of shareholders or didn't participate in this voting at all.

December 30. Extraordinary general meetings of shareholders of Vladimir Generation Company, Mordovian Generation Company, and Penza Generation Company decided to reorganize the companies in terms of a merger with TGC-6 and approved merger agreements.

Establishment of TGC-7

ESTABLISHMENT AND STATE REGISTRATION

February 14. The RAO UESR Management Board decided to appoint Nikonov V.V. as a candidate to the position of Director General of TGC-7.

July 18. The joint meeting of founders of Samaraenergo, Saratovenergo, and Ulyanovskenergo decided to establish Volga Territorial Generation Company, approved the Article of Association and elected corporate management bodies.

August 1. Open joint stock company "Territorial Generation Company №7" (TGC-7), established as per the "non-basic" restructuring model for Samaraenergo, Saratovenergo, and Ulyanovskenergo, has undergone state registration procedure with the Leninsky District Inspectorate of the Federal Tax Service in Samara.

MERGER-BASED MODEL

November 28. The Board of Directors of TGC-7 identified additional issue of shares (which should be paid for by shares of Orenburg Heat Generation Company) as one of its main priorities, commissioned the Director General of TGC-7 with holding a competitive selection of an independent appraisal company, and approved the membership of the Committee responsible for selection of an independent appraisal company to appraise the market value of shares of Orenburg Heat Generation Company.

Establishment of TGC-8

ESTABLISHMENT AND STATE REGISTRATION

March 22. Open joint stock company "Territorial Generation Company №8" (TGC-8) has undergone state registration procedure with the Kirovsky District Inspectorate of the Federal Tax Service in Astrakhan.

LEASE-BASED MODEL

June 6. Boards of Directors of Astrakhan Regional Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company set the lease payment and suggested that general meetings of shareholders of these companies approve the property lease agreements with TGC-8.



June 29. The Board of Directors of Dagestan Heat Generation Company approved the lease agreement with TGC-8.

June 30. Extraordinary general meetings of shareholders of Astrakhan Regional Generation Company, Volga Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company approved the property lease agreements with TGC-8.

July 1. TGC-8 started its operating activities.

December 28. Extraordinary general meeting of shareholders of TGC-8 Southern Generation Company (Lessee) approved conclusion of generation property lease agreement with Kubanenergo (Lessor).

MERGER-BASED MODEL

March 25. Boards of Directors of Astrakhan Regional Generation Company, Volzhskaya Generation Company (Volgogradenergo), Rostov Generation Company, and Stavropolenergo decided to start implementation of measures for interregional integration into TGC-8.

March 31. The Board of Directors of Dagenergo decided to start implementation of measures for interregional integration into TGC-8.

May 13. Boards of Directors of Astrakhan Regional Generation Company, Vozhskaya Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company decided on the conditions and procedure for engaging a Consortium (including an investment bank and an appraiser) to appraise the market value of shares of these RGCs and TGC-8, as well as to calculate conversion ratios at which RGCs shares will be converted to those of TGC-8 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-8.

July 29. Boards of Directors of Astrakhan Regional Generation Company, Volzhskaya Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company approved the Consortium comprising Ernst & Young, NP Consult and International Appraisal Center as an independent appraiser to appraise the market value of shares of these RGCs and TGC-8, and to calculate conversion ratios at which RGCs shares will be converted to those of TGC-8 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-8.

November 7. Boards of Directors of Astrakhan Regional Generation Company, Volzhskaya Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Generation Company approved the merger agreements with TGC-8 (for these RGCs to merge with and into TGC-8).

November 10. The Board of Directors of TGC-8 approved merger agreements with Astrakhan Regional Generation Company, Volga Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Generation Company.

December 23. Extraordinary general meetings of shareholders of Astrakhan Regional Generation Company, Volzhskaya Regional Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Generation Company decided to reorganize the companies in terms of a merger with and into TGC-8 Southern Generation Company and approved merger agreements.

December 29. Extraordinary general meeting of shareholders of TGC-8 Southern Generation Company decided to reorganize the company in terms of a merger, i.e. by joining Astrakhan Regional Generation Company, Volga Regional Generation Company, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Generation Company to TGC-8, and approved the merger agreement.



Establishment of TGC-9

LEASE-BASED MODEL

January 12. RAO "UES of Russia" approved the list of property of Permenergo and Sverdlovenergo to be leased out to TGC-9, put forward by this territorial generation company.

February 10. Boards of Directors of Permenergo and Sverdlovenergo decided to arrange appraisal of the market value of the transaction on generation property lease.

March 25. Federal Antimonopoly Service approved the acquisition of main production assets of Permenergo and Sverdlovenergo in temporary possession and use by TGC-9.

March 28. General meetings of shareholders of Permenergo and Sverdlovenergo to approve the contract on the lend-lease of AO-Energo generation property to TGC-9 were held.

April 1. TGC-9 started its operating activities.

April 29. The Board of Directors of TGC-9 approved conclusion of purchase and sale contracts for floating assets, and set the contract price between both TGC-9 and Perm Generation Company, and TGC-9 and Sverdlovsk Generation Company.

MERGER-BASED MODEL

July. Boards of Directors of regional generation companies, included in the configuration of TGC-9, approved the Consortium Unified Financial Group comprising Ernst & Young, NP Consult, and International Appraisal Center as an independent appraiser to appraise the market value of shares of RGCs and TGC, and to calculate conversion ratios at which RGCs shares will be converted to those of TGC-9 and/or exchange ratios at which RGCs shares will be exchanged for those of TGC-9, including:

↓ July 15

The Board of Directors of Perm Generation Company

↓ July 26

The Board of Directors of Sverdlovsk Generation Company

October 17. Boards of Directors of TGC-9, Perm Generation Company, and Sverdlovsk Generation Company approved merger agreements under which RGCs merge with and into TGCs (interested party transaction).

December 19. Extraordinary general meetings of shareholders of Perm Generation Company and Sverdlovsk Generation Company decided to reorganize the companies in terms of a merger with and into TGC-9 and approved merger agreements.

December 20. Extraordinary general meetings of shareholders of TGC-9 decided to reorganize the company in terms of a merger, i.e. by affiliating Perm Generation Company and Sverdlovsk Generation Company with TGC-9, approved the merger agreement, and decided to increase TGC-9 authorized capital by placing additional shares, which should be paid for in shares of generation companies to be affiliated.

December 30. The Board of Directors of TGC-9 scheduled it for 20.02.2006 to hold a joint general meeting of shareholders of TGC-9 and Perm Generation Company and Sverdlovsk Generation Company (companies to be affiliated with TGC-9) to discuss amendments and additions to be made to TGC-9 Article of Association due to its reorganization in terms of a merger.



Establishment of TGC-10

ESTABLISHMENT AND STATE REGISTRATION

February 14. The Management Board of RAO "UES of Russia" decided to appoint Faustov A.V. as a candidate to the position of Director General of TGC-10.

March 30. Open joint stock company "Territorial generation company №10" (TGC-10) has undergone state registration procedure with the Traktorozavodsky District Inspectorate of the Federal Tax Service in Chelyabinsk.

MERGER-BASED MODEL

October 14. The extraordinary general meeting of shareholders of Tyumen Regional Generation Company (the RAO UESR Management Board) decided to transfer executive powers of the company to TGC-10 management company.

October 31. Boards of Directors of TGC-10, Chelyabinsk Generation Company, and Tyumen Regional Generation Company approved the membership of the Tender Committee on selecting a Consortium for performing work related to reorganization of the companies in terms of a merger, namely: to appraise the market value of shares and calculate conversion ratios at which shares of RGCs will be converted to those of TGC-10.

November 18 (transition operating model). The extraordinary general meeting of shareholders of Chelyabinsk Generation Company decided to transfer executive powers of the company to TGC-10 management company.

November 21 (transition operating model). Boards of Directors of Chelyabinsk Generation Company and Tyumen Regional Generation Company approved contracts concluded with TGC-10 management company.

December 1. Boards of Directors of TGC-10, Chelyabinsk Generation Company, and Tyumen Regional Generation Company approved a Consortium comprising Financial Broker "Troika Dialog" (investment bank) and LAIR (appraisal organization) for performing work related to reorganization of these companies in terms of a merger.

Establishment of TGC-11

ESTABLISHMENT AND STATE REGISTRATION

August 26. Open joint stock company "Territorial generation company №11" (TGC-11) has undergone state registration procedure with the Central District Inspectorate of the Federal Tax Service in Novosibirsk.

MERGER-BASED MODEL

September 30. The extraordinary general meeting of shareholders of Tomskenergo decided to transfer executive powers of the company to TGC-11 management company.

October 21. The extraordinary general meeting of shareholders of Omsk Power Generation Company decided to transfer executive powers of the company to TGC-11 management company.

October 21. Boards of Directors of Tomskenergo and Omsk Power Generation Company approved the plan of measures to reorganize the companies in terms of a merger, and approved the membership of the Tender Committee on selecting a Consortium for performing work related to reorganizations of these companies in terms of a merger, namely: to appraise the market value of shares and calculate conversion ratios at which shares of RGCs will be converted to those of TGC-11.



October 31. Boards of Directors of Tomskenergo and Omsk Power Generation Company approved terms and conditions of the contract with TGC-11 management company (interested party transaction).

December. Boards of Directors of TGC-11, Tomskenergo, and Omsk Power Generation Company approved a Consortium comprising Investment Financial Company "Metropol" (investment bank), Russian Appraisal and Expert Group Ltd. (appraisal organizations) for performing work related to reorganization of these companies in terms of a merger, including:

↓ *December 14*

The Board of Directors of Omsk Power Generation Company

↓ *December 16*

Boards of Directors of TGC-11 and Tomskenergo.

Establishment of TGC-13

ESTABLISHMENT AND STATE REGISTRATION

June 24. Pursuant to the RAO UESR Decree No. 142r, TGC-13 was established; Board of Directors and Director General for this Company were elected.

June 28. The state registration of Territorial Generation Company No. 13 (TGC-13) with the Zheleznodorozhny District Inspectorate of the Federal Tax Service of Russia in Krasnoyarsk.

MERGER-BASED MODEL

November. Boards of Directors of Krasnoyarsk Generation, Khakass Generation Company, and TGC-13 approved plans of measures for reorganization of Khakass Generation Company and TGC-13 in terms of a merger with and into Krasnoyarsk Generation and confirmed the membership of the Committee responsible for selection of a Consortium to perform work, related to this reorganization:

↓ *November 10*

The Board of Directors of TGC-13

The Board of Directors of Khakass Generation Company

↓ *November 11*

The Board of Directors of Krasnoyarsk Generation

November 29 (*transition operating model*). Extraordinary general meeting of shareholders of Krasnoyarsk Generation decided to transfer executive powers of the company to TGC-13 management company.

December. Boards of Directors of Khakass Generation Company and Krasnoyarsk Generation approved terms and conditions of the contract for exercising executive powers to be concluded with TGC-13 management company:

↓ *December 21*

The Board of Directors of Krasnoyarsk Generation

↓ *December 22*

The Board of Directors of Khakass Generation Company.

Establishment of TGC-14

LEASE-BASED MODEL

January 20. RAO "UES of Russia" approved the list of property of Buryatenergo and Chitaenergo to be leased out to TGC-14, put forward by this territorial generation company.



January 31. Federal Antimonopoly Service approved the acquisition of main production assets of Buryatenergo and Chitaenergo in temporary possession and use by TGC-14.

February 1. TGC-14 started its operating activities.

February 25. Boards of Directors of Buryatenergo and Chitaenergo approved short-term contracts for the lend-lease of AO-Energo generation property to the territorial generation company.

March 23. State registration of securities issued by TGC-14.

May 30. General meetings of shareholders of Buryatenergo and Chitaenergo decided to approve an additional agreement to property lease contracts between these AO-Energos and TGC-14 operating company, which provides for extension of the contract until 31.12.2005.

MERGER-BASED MODEL

December 6. The Board of Directors of TGC-14 approved alienation (disposal) of TGC-14 ordinary personal stocks, the right of ownership to which was transferred to the company, as they were partially unpaid when TGC-14 was being established. Under this decision the Board of Directors approved terms and conditions for disposal of shares, including the disposal price, payment mode and terms, and the way of disposal. It also determined the set of people having the right to purchase shares (strategic shareholders of Chitaenergo and Buryatenergo, included in the configuration of TGC-14) and rules for defining the quota (number) of treasury stocks that can be purchased.

Establishment of Norilsk-Taimyr Energy Company

October 1. Norilsk-Taimyr Energy Company started its operations. The company was established by RAO "UES of Russia" and Mining and Metallurgical Company Norilsk Nickel on May 18, 2005. Operating company owns the assets of Taimyrenego on a lease basis.

IMPLEMENTATION OF TGC ESTABLISHMENT PROJECTS AS OF 31.12.2005

TOTAL number of Territorial Generation Companies (TGCs) to be established		14
Establishment model DETERMINED by the RAO UESR Board of Directors		14
<i>among them in 2005</i>		8
including those of approved projects:		
I	COMPLETED TGC state registration	13 (TGC-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14)
	<i>among them in 2005</i>	11
II	LAUNCH of operational activity	5 (TGC-1, 5, 8, 9, 14)
	<i>among them in 2005</i>	5
III	LAUNCH of a merger of regional generation companies (PGCs) with TGC	12 (TGC-1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14)
	<i>among them in 2005</i>	12
IV	HELD General Meetings of RGCs to address restructuring in terms of a merger with TGCs	4 (TGC-5, 6, 8, 9)
	<i>among them in 2005</i>	4
V	HELD Joint General Meetings of companies to be restructured to address restructuring-based alternations and adjustments in TGC Articles of Association	0
VI	COMPLETED a merger of regional generation companies with TGCs (entry in the Uniform State Register of Legal Entities on cessation of RGC functioning)	0



TGC ESTABLISHMENT SCHEDULE 31.12.2005

Ref. TGC	AO-Energo Split-off		Lease/ Co-establishment		Takeover of RGC by TGC / establishment of the Holding Company	
	AO-Energo/RGC	State Registration of RGC	State Registration of TGC	Operating Activities Start	Takeover beginning	Takeover completion (entry in the Uniform State Register of Legal Entities on cessation of RGC functioning)
TGC-1	Karelenegero generation	01.01.2005				
	Kola Generation Company	01.10.2005	25.03.2005	01.10.2005	01.10.2005	
	Petersburg Generation Company	01.10.2005	(completed)	(completed)	(completed)	01.11.2006
TGC-2	Arkhangelsk Generation Company	01.04.2005				
	Vologda HPP	01.10.2005				
	Kostroma Generation Company	01.01.2005				
	Novgorod Generation Company	01.04.2005				
	Tver Generation Company	11.01.2005	19.04.2005	not based on the lease model	01.04.2005	
	Yaroslavl Power Company	11.01.2005	(completed)		(completed)	01.07.2006
TGC-3	Mosenergo	01.04.2005	01.04.2005 (compl.)	Company was established upon Mosenergo unbundling		
TGC-4	Bryansk Generation Company	01.10.2004				
	Voronezh Generation Company	31.08.2004				
	Kaluga Generation Company	01.04.2004				
	Kursk Generation Company	01.02.2005				
	Lipetsk Generation Company	11.01.2005				
	Orel Generation Company	01.04.2005				
	Ryazan Heat Supply Company	11.01.2005				
	Smolensk Generation Company	01.02.2005				
	Tambov Generation Company	11.01.2005				
	Heat and Power Company (Belgorodenergo)	01.10.2004	20.04.2005	not based on the lease model	01.04.2005	
	Priokskaya Territorial Generation Company (Tulenergo)	01.04.2005	(completed)		(completed)	01.07.2006
TTK-5	Vyatka Power Heat Company (Kirovenergo)	01.05.2005				
	Mari Regional Generation Company	01.01.2005				
	Udmurtia Territorial Generation Company	01.01.2005	22.03.2005	01.07.2005	01.05.2005	
	Chuvashi Generation Company	01.01.2005	(completed)	(completed)	(completed)	01.06.2006
TGC-6	Vladimir Generation Company	01.01.2005				
	Ivanovo Generation Company	01.01.2005				
	Mordovia Generation Company	01.02.2005				
	Nizhni Novgorod Generation Company	01.02.2005	27.04.2005	not based on the lease model	01.04.2005	
	Penza Generation Company	01.01.2005	(completed)		(completed)	01.07.2006
TGC-7	Orenburg Heat Generation Company	01.07.2005				
	Samaraenergo (MVIMEC)	01.04.2006				
	Saratovenergo (MVIMEC)	01.04.2006	01.08.2005		01.11.2005	
	Ulyanovskenergo (MVIMEC)	01.04.2006	(completed)	01.01.2006	(completed)	01.05.2007
TGC-8	Astrakhan Regional Generation Company	11.01.2005				
	Volzhskaya Generation Company (Volgogradenergo)	01.01.2005				
	Dagestan Heat Generation Company	03.05.2005				
	Kubanenergo	01.07.2006				
	Rostov Generation Company	11.01.2005	22.03.2005	01.07.2005	03.05.2005	
TGC-9	Stavropol Heat Generation Company	01.04.2005	(completed)	(completed)	(completed)	01.06.2006
	Komienergo	01.07.2006				
	Perm Generation Company	01.04.2005	09.12.2004	01.04.2005	01.04.2005	
TGC-10	Sverdlovsk Generation Company	01.04.2005	(completed)	(completed)	(completed)	01.06.2006
	Kurganenergo	01.07.2006				
	Tyumen Regional Generation Company	01.07.2005	30.03.2005	not based on the lease model	01.10.2005	
TGC-11	Chelyabinsk Generation Company	01.02.2005	(completed)		(completed)	01.12.2006
	Omsk Power Generation Company	03.08.2005	26.08.2005	not based on the lease model	03.08.2005	
TGC-12	Tomskenergo	01.04.2005	(completed)		(completed)	01.11.2006
	Altaienergo	"non-basic" model				
	Kuzbassenergo	01.07.2006				
TGC-13	Krasnoyarsk Generation	01.10.2005				
	Tyvaenergo	project not yet approved	28.06.2005	not based on the lease model	01.10.2005	
	Khakass Generation Company	01.07.2005	(completed)		(completed)	01.12.2006
TGC-14	Buryatenergo	30.12.2005	07.12.2004	01.02.2005	30.12.2005	
	Chitaenergo	30.12.2005	(completed)	(completed)	(completed)	01.02.2007



TGC ESTABLISHMENT KEY EVENTS SCHEDULE (INDICATIVE TIMEFRAME)

No Ref. TGC	TGC State Registration	Operating Activities Start	Acquisition of Regional Generation Companies (RGC) by TGC - Start	RGC General Meeting on Restructuring in Terms of a Merger with TGC	Joint Meeting of Shareholders of Companies to be Restructured and Introduction of Amendments in TGC Articles of Association	Completion of Merger (entry in the Uniform State Register of Legal Entities on cessation of RGC functioning consequent to a merge with TGCs)	Remarks
1. TGC-1	25.03.2005	01.10.2005	01.10.2005	07.07.2006	26.09.2006	01.11.2006	
2. TGC-2	19.04.2005	not based on the lease model	01.10.2005	27.02.2006	19.05.2006	01.07.2006	
3. TGC-3	01.04.2005	—	—	—	—	—	TGC is established upon Mosenergo split-off
4. TGC-4	20.04.2005	not based on the lease model	01.04.2005	28.02.2006	12.05.2006	01.07.2006	
5. TGC-5	22.03.2005	01.07.2005	01.05.2005	05.12.2005	31.03.2006	01.06.2006	
6. TGC-6	27.04.2005	not based on the lease model	01.04.2005	30.12.2005	04.04.2006	01.07.2006	
7. TGC-7	01.08.2005*	omitting the lease model 01.01.2006	01.11.2005**	21.12.2006	06.03.2007	01.05.2007	*State registration of Volga Territorial Generation Company established by Samaraenergo, Saratovenergo and Ulyanovskenergo **Launch of measures related to additional issue of TGC-7 shares, which are placed due to being paid by shares of Orenburg Heat Generation Company
8. TGC-8	22.03.2005	01.07.2005	03.05.2005	23.12.2005	31.03.2006	01.06.2006	Kubanenergo generation facilities excluded
9. TGC-9	09.12.2004	01.04.2005	01.04.2005	19.12.2005	20.02.2006	01.06.2006	Komienergo generation facilities excluded
10. TGC-10	30.03.2005	not based on the lease model	01.10.2005	24.07.2006	11.10.2006	01.12.2006	Kurganenergo generation facilities excluded
11. TGC-11	26.08.2005	not based on the lease model	03.08.2005	30.06.2006	11.09.2006	01.11.2006	
12. TGC-12	Timeframe to be determined in accordance with Kuzbassenergo purchasing generation and heat network assets of Altaienergo pursuant to the RAO UESR Board of Directors' decision (journal № 211 of December 23, 2005)						
13. TGC-13	28.06.2005	not based on the lease model	01.10.2005	28.07.2006	09.10.2006	01.12.2006	Tyvaenergo generation facilities excluded
14. TGC-14	07.12.2004	01.02.2005	30.12.2005	22.09.2006	11.12.2006	01.02.2007	



ESTABLISHMENT OF INTERREGIONAL DISTRIBUTION GRID COMPANIES (IDGCs)

In the process of restructuring interregional distribution grid companies are being formed as the result of AO-Energo unbundling by activity type. By now IDGCs have been established in most energy systems.

Pursuant to the Concept of RAO UESR's Strategy for 2003-2008, at the stage of interregional integration distribution companies merge into Holding companies - interregional distribution grid companies (IDGCs).

In April 2004 the RAO UESR Board of Directors approved the following configuration of four IDGCs: IDGC-1 as part of Center and Unified Energy System of Northern Caucasia; IDGC-2 as part of Unified Energy System of North-West; IDGC-3 as part of Unified Energy Systems of Ural and Middle Volga; IDGC-4 as part of Unified Energy System of Siberia. In January 2006 the Russian Federation Government approved the configuration of all IDGCs by adopting a special resolution.

In October 2004 the RAO UESR Board of Directors decided that at the first stage IDGCs should be established as wholly owned subsidiaries of RAO "UES of Russia".

At the second stage, there will be additional issue of shares of IDGCs. In exchange for them RAO "UES of Russia" will give its shares of DGCs.

By now all IDGCs have undergone state registration procedure and started their operations. Their functions include corporate governance of DGCs and control over DGCs operations and activities (including measures designed to introduce new technologies).

Besides, in 2005 IDGCs started preparations towards additional issue of shares, which will be paid for by shares of DGCs. In most IDGCs additional issue of shares is scheduled for 2006.

With the aim to provide centralized management of the distribution grid complex, as well as to ensure its reliable and efficient functioning and development, the RAO UESR Board of Directors decided that it is expedient to transfer shares of IDGCs to trust management of FGC UES until the process of restructuring is no completed. This decision was taken in April 2004, and in December 2005 RAO "UES of Russia" entered into a trust agreement with FGC UES under which FGC UES holds in trust shares of IDGCs.

Except for the establishment of IDGCs, December 2005 saw state registration of the Far East Distribution Company. The event took place as one of measures designed to implement the restructuring project for AO-Energo companies of the Far East region.

KEY EVENTS FEBRUARY 2005

February 24. The open joint stock company *Interregional Distribution Grid Company of Ural and Volga (IDGC of Ural and Volga)* was established by RAO UESR's Resolution № 28r dated February 24, 2005 that was adopted to implement the RAO UESR Board of Directors' Decision (journal №178 of October 1, 2004). RAO "UES of Russia" is the only founder of the company.

The mentioned above Resolution also approved Article of Association, appointed Director General (A.O. Bobrov) and the Board of Directors of *IDGC of Ural and Volga*.



February 28. The state registration of Interregional Distribution Grid Company of Ural and Volga (IDGC of Ural and Volga) with the Leninsky District Inspectorate of the Federal Tax Service in Ekaterinburg.

APRIL 2005

April 13. The RAO UESR Management Board approved the following configuration of IDGCs as approved by the RAO UESR Board of Directors:

■ Interregional Distribution Grid Company of Center and Northern Caucasia

↓ *IDGC-1 as part of unified energy systems of Center and Northern Caucasia*

Kalugaenergo	Rostovenergo
Voronezhenergo	Kurskenergo
Bryanskenergo	Dagenergo
Smolenskenergo	Nizhnovenergo
Power Grid Company (separated from Belgorodenergo)	Orelenergo
Vladimirenergo	Moscow City Power Grid Company
Ivenergo	Moscow Region Power Grid Company
Kostromaenergo	Tulenergo
Tambovenergo	Stavropolenergo
Tverenergo	Vologdaenergo
Yarenergo	Kubanenergo
Astrakhanenergo	Kalmenergo
Volgogradenergo	Sevkavkazenergo
Lipetskenergo	Ingushenergo
Ryazanenergo	Kabbalkenergo
	Karachaevo-Cherkessenergo

■ Interregional Distribution Grid Company of North-West

↓ *IDGC-2 as part of UES of North-West*

Pskovenergo	Kolenergo
Lenenergo	Arkhenenergo
Karelenergo	Novgorodenergo

■ Interregional Distribution Grid Company of Ural and Volga

↓ *IDGC-3 as part of UES of Ural and UES of Middle Volga*

Marienergo	Udmurtenergo
Sverdlovenegergo	Samaraenergo
Penzaenergo	Mordovenergo
Tyumenenergo	Saratovenergo
Kirovenergo	Permenergo
Kurganenergo	Ulyanovskenergo
Chuvashenergo	Chelyabenergo
Orenburgenergo	

■ Interregional Distribution Grid Company of Siberia

↓ *IDGC-4 as part of UES of Siberia*

Tomsk Distribution Company (separated from Tomskenergo)	Altaienergo
Chitaenergo	Khakasenergo
Krasnoyarskenergo	Kuzbassenergo
Omskenergo	Buryatenergo
	Tyvaenergo



MAY 2005

Boards of Directors of interregional distribution grid companies (IDGCs) approved the list of appraisal companies/consortiums to appraise the market value of one ordinary share within a 100% block of shares of IDGCs, as well as of one ordinary share and one preference share which will be used for two purposes: as a payment for additionally issued shares of IDGCs and as a means to purchase shares from minority shareholders.

May 10. The Board of Directors of *IDGC of Ural and Volga* approved a Consortium comprising Ernst & Young, International Appraisal Center, and NP Consult.

May 12. The Board of Directors of *IDGC of North-West* approved a Consortium comprising Ernst & Young, International Appraisal Center, and NP Consult.

May 18. The Board of Directors of *IDGC of Center and Northern Caucasia* approved a Consortium comprising Top-Audit, Deloitte & Touche CIS, and Professional Appraisal Center.

JULY 2005

July 1. Pursuant to the Decree *No 149-r* issued by RAO "UES of Russia" the following events took place: establishment of *IDGC of Siberia*, approval of the Article of Association, election of Director General (Anfalov A.A.) and the Board of Directors of this company.

July 4. State registration of *Interregional Distribution Grid Company of Siberia (IDGC of Siberia)* with the Zheleznodorozhny District Inspectorate of the Russian Federal Tax Service in Krasnoyarsk.

AUGUST 2005

August 10. The extraordinary general meeting of shareholders of *Arkheenergo* decided to transfer executive powers of the company to *IDGC of North-West*.

August 10. The extraordinary general meeting of shareholders of *Kostromaenergo* decided to transfer executive powers of the company to *IDGC of Center and Northern Caucasia*.

August 15. The Board of Directors of *IDGC of Siberia* approved a Consortium comprising Ernst & Young, International Appraisal Center, and NP Consult as an independent appraiser to appraise the market value of the company's shares with the purpose of exchanging them for shares of DGCs included in the configuration of *IDGC of Siberia*.

August 22. State registration of securities issued by *IDGC of Siberia*.

SEPTEMBER-OCTOBER 2005

With the aim to ensure secure functioning of the distribution grid complex in the process of restructuring and to transfer to a single share in *IDGCs*, measures to prepare contracts between FGC UES and "RAO UES of Russia" designed to transfer RAO UESR-owned shares of *established IDGCs* to trust management of *FGC UES* were being implemented.

October 3. *Tyumenenergo* signed the contract under which management company of *IDGC of Ural and Volga* will exercise executive powers of Tyumenenergo.



October 7. The Board of Directors of *Arkhenergo* approved the conditions of the contract for transferring executive powers of the company to *IDGC of North-West* management company.

October 10. *Arkhenergo* signed the contract under which *IDGC of North-West* management company will exercise executive powers of *Arkhenergo*.

NOVEMBER 2005

November 25. The RAO UESR Board of Directors approved conclusion of trust agreement between *RAO "UES of Russia"* and *FGC UES*. Under this agreement *FGC UES* is to hold in trust shares of IDGCs being established.

November 10. The RAO UESR Management Board recommended it to the RAO UESR Board of Directors to approve the agenda of extraordinary general meetings of shareholders of *Lipetskenergo* and *Belgorodenergo* on the transfer of executive powers of these companies to *IDGC of Center and Northern Caucasia* management company.

November 30. Under the competence of the general meeting of shareholders of *Chuvashenergo* (a wholly-owned subsidiary of RAO "UES of Russia"), the RAO UESR Management Board decided to transfer executive powers of the company to *IDGC of Ural and Volga* management company.

DECEMBER 2005

December 1. *RAO "UES of Russia"* (Trustor) concluded trust agreement with *FGC UES* (Trustee), under which the Trustee will hold in trust shares of IDGCs being established.

December 1. *Chuvashenergo* concluded the contract for performing executive powers with *IDGC of Ural and Volga*.

December 14. The RAO UESR Board of Directors approved the decision to consider the transfer of executive powers of *Belgorodenergo* and *Lipetskenergo* to *IDGC of Center and Northern Caucasia* during the extraordinary general meetings of shareholders of *Belgorodenergo* and *Lipetskenergo*.

December 15. Valuation of shares of *IDGC of Center and Northern Caucasia*, *IDGC of North-West*, *IDGC of Siberia*, and *IDGC of Ural and Volga* was completed, which was designed to appraise the placement value of additionally issued shares of these IDGCs with payment in shares of regional distribution grid companies (DGCs) included in the configuration of each of IDGCs.

December 26. State registration of established *Far East Distribution Grid Company* (under implementation of restructuring projects for AO-Energocompanies of the Far East region).

December 27. The RAO UESR Management Board recommended it to the RAO UESR Board of Directors to approve the agenda for extraordinary general meetings of shareholders of *Penzaenergo* and *Chelyabenergo* on the transfer of executive powers of these companies to *IDGC of Ural and Volga*, as well as to approve the agenda for the extraordinary general meeting of shareholders of *Karelenergo* on the transfer of executive powers of the company to *IDGC of North-West*.



IDGC ESTABLISHMENT SCHEDULE (beginning)

№ AO-Energo	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
IDGC Volga and Ural												
1. MariEnergo											idgc	
2. Penzaenergo											idgc	
3. Kirovenergo											idgc	
4. Chuvashenergo (100)											idgc	
5. Udmurtenergo											idgc	
6. Mordovenergo											idgc	
7. Chelyabenergo											idgc	
8. Permenergo											idgc	
9. Sverdlovenegero											idgc	
10. Tyumenenergo (100)											idgc	
11. Samaraenergo											g.r.	
12. Saratovenergo											g.r.	
13. Ulyanovskenergo											g.r.	
14. Orenburgenergo (100)											g.r.	idgc
15. Kurganenergo											g.r.	
IDGC North-West												
1. Pskovenergo											idgc	
2. Karelienergo (100)											idgc	
3. Arkhenergo											idgc	
4. Novgorodenergo											idgc	
5. Lenenergo											idgc	
6. Kolenergo											idgc	
7. AEC Komienergo											g.r.	
IDGC Siberia												
1. Tomskenergo											idgc	
2. Omskenergo											idgc	
3. Khakasenergo (100)											idgc	
4. Buryatenergo											idgc	
5. Chitaenergo											idgc	
6. Krasnoyarskenergo											idgc	
7. Altaienergo											idgc	
8. Kuzbassenergo											idgc	
9. Tyvaenergo											idgc	

✗ Not included in the second issue

✓ AO-Energo split-up completion - the date of Interregional Trunk GC shares acceptance onto DGC balance sheet

g.r. Split-up completion date (TGC is split-off)

idgc Date of registration of DGC shares as a payment for the second issue of IDGC shares

SPLIT-OFF OF UNPG (UNIFIED NATIONAL POWER GRID) FACILITIES

In February 2004, pursuant to the decisions taken by the Committee on power sector restructuring under the Russian Federation Government and the RAO UESR Board of Directors, seven interregional grid companies (ITGCs) were established.

In 2005 the RAO UESR Board of Directors approved the procedure according to which ITGCs will be formed. This procedure involves that:

- trunk grid companies, separated from AO-Energos, will acquire power grid facilities that belong to UNPG;
- RAO "UES of Russia" will contribute its shares of trunk grid companies to the authorized capital of FGC UES;
- while trunk grid companies are separating from AO-Energos, they will merge with one IDGC (ITGC Center), which at the same time may join other IDGCs (provided that shareholders of other trunk grid companies support this decision);
- in 2005 contracts with IDGC (IDGC of Center) are concluded, under which the company may use UNPG facilities (contracts for the use of facilities). Since 2006 such contracts will be concluded with FGC UES.

Most AO-Energos (regional grid companies) that own UNPG facilities entered into contracts with ITGC Center. Under these contracts ITGC Center acquires rights of ownership and use of power grid facilities that belong to UNPG. As of December 31, 2005, 45 trunk grid companies have undergone state registration procedure. It is scheduled for 2006 to register 10 more trunk grid companies.

A lot of preparatory work was done in 2005 to contribute RAO UESR-owned shares of trunk grid companies to FGC UES. It is scheduled for the first half of 2006 to transfer shares of trunk grid companies to FGC UES (approximate timeframe). The merger of trunk grid companies and ITGC Center is to be completed by the end of 2006.

As a consequence, a unified interregional trunk grid company will be formed, which will consolidate UNPG facilities. FGC UES will be its major shareholder.

The RAO UESR Board of Directors' decision states that since 2006 all UNPG facilities will be transferred to FGC UES.

In January 2006 the Russian Federation Government approved the criteria under which power transmission facilities (power grids) belong to those of UNPG.

KEY EVENTS

2005

State registration of 44 trunk grid companies, separated from previously reorganized AO-Energos (see the table "Dates of state registration of trunk grid companies").

FEBRUARY 2005

February 25. The Board of Directors of RAO "UES of Russia" adopted the decision to amend the split-off schedule for UNPG (Unified National Power Grid) facilities of AO-Energos.

The Board of Directors cancelled Clauses 2.1 and 2.2 of its decision dated August 15, 2002 on the consolidation procedure and order of establishment of interregional grid companies on the basis of AO-Energo trunk grids and approved the new split-off procedure for UNPG facilities that belong to AO-Energos.



The new procedure shall be as follows:

- Separation of a trunk grid company (TrunkGC) from each AO-Energo;
- In accordance with the separation balance sheet, handover to trunk grid companies of the following assets: AO-Energo electric grid complex (which belongs to UNPG) and cash assets necessary to recover costs;
- Since 2006 – transfer of UNPG facilities belonging to trunk grid companies to Federal Grid Company UES (FGC UES) along with tariff setting (transfer tariffs are meant here), so that FGC UES acquires rights for the use of these facilities. In 2005 UNPG facilities are transferred to ITGC Center;
- Contribution of RAO UESR-owned shares of trunk grid companies established under reorganization of AO-Energos (at the rate of 100% minus 1 share for wholly owned subsidiaries of RAO “UES of Russia”) to the authorized capital of FGC UES;
- As trunk grid companies are separating from AO-Energos, they will merge with the unified Interregional Trunk Grid Company (ITGC), which will at the same time join all other ITGCs that have already been established.

NOVEMBER 2005

November 21. Under the competence of the general meeting of **FGC UES** shareholders, the **RAO UESR** Board of Directors decided to increase the authorized capital of **FGC UES** by the total of 80 000 000 000 (eighty billion rubles) by placing additional shares.

Additional shares of **FGC UES** will be paid for by **RAO UESR-owned shares of trunk grid companies** established under AO-Energo restructuring.

DECEMBER 2005

December 21. The Board of Directors of **FGC UES** decided to issue 160 000 000 000 (one hundred and sixty billion) additional personal uncertificated shares of the company at 50 (fifty) kopeck par value each.

These additional shares will be paid for by RAO UESR-owned shares of **trunk grid companies** established in the process of AO-Energo restructuring.

TRUNK GRID COMPANY REGISTRATION SCHEDULE

	2004 Total	Q1	Q2	2005 Q3	Q4	Q1	Q2	2006 Q3	Q4
For the current period	1	1	2	31	10	0	6	4	
Accumulative total	1	2	4	35	45	45	51	55*	

* Excluding Altaienergo, Kalmenergo, Sevkavkazenergo, Tyvaenergo, and Yantarenergo (TrunkGC split-off schedule to be determined).



STATE REGISTRATION DATES FOR TRUNK GRID COMPANIES

№ AO-Energo/TrunkGC	Timeframe (not later) Date of state registration of TrunkGC	№ AO-Energo/TrunkGC	Timeframe (not later) Date of state registration of TrunkGC
1. Kaluga Trunk Grid Company	01.04.2005	29. Tambov Trunk Grid Company	01.09.2005
2. Tomsk Trunk Grids	31.03.2005	30. Tver Trunk Grids	01.09.2005
3. Belgorod Trunk Grid Company	01.04.2005	31. Tula Trunk Grid Company	01.09.2005
4. Trunk Grid Company (Mosenergo)	01.04.2005	32. Tyumen Trunk Grid Company (a wholly-owned subsidiary)	01.09.2005
5. Khakas Trunk Company	01.07.2005	33. Udmurtian Trunk Grids	01.09.2005
6. Ulyanovsk Trunk Grids (a wholly-owned subsidiary of Ulyanovskenergo)	29.07.2005	34. Chelyabinsk Trunk Power Grids	01.09.2005
7. Kostroma Trunk Grids	31.08.2005	35. Chuvashi Trunk Grids	01.09.2005
8. Yaroslavl Trunk Grids	31.08.2005	36. Vologda Trunk Grids (SEUK)	01.10.2005
9. Arkhangelsk Trunk Grid Company	01.09.2005	37. Kola Trunk Grids	01.10.2005
10. Astrakhan Trunk Grids	01.09.2005	38. Krasnoyarsk Trunk Grids	01.10.2005
11. Bryansk Trunk Grid Company	01.09.2005	39. Orel Trunk Grid Company	01.10.2005
12. Vladimir Trunk Grids	01.09.2005	40. Orenburg Trunk Power Grids (a wholly-owned subsidiary)	01.10.2005
13. Volgograd Trunk Grids	01.09.2005	41. Perm Trunk Grid Company	03.10.2005
14. Voronezh Trunk Grid Company	01.09.2005	42. Sverdlovsk Trunk Grids	03.10.2005
15. Dagestan Trunk Grids	01.09.2005	43. St.Petersburg Trunk Grids	01.12.2005
16. Ivanovo Trunk Grids	01.09.2005	44. Buryatia Trunk Power Grids	30.12.2005
17. Karelian Trunk Grids	01.09.2005	45. Chita Trunk Grids	30.12.2005
18. Kirov Trunk Power Grids	01.09.2005	46. Samara Trunk Company	01.04.2006
19. Kursk Trunk Grids	01.09.2005	47. Saratov Trunk Company	01.04.2006
20. Lipetsk Trunk Grids	01.09.2005	48. Amur Trunk Grid Company	01.06.2006
21. Rostovenergo Trunk Grid Company	01.09.2005	49. Primorsk Trunk Grid Company	01.06.2006
22. Mari Trunk Grids	01.09.2005	50. Khabarovsk Grid Company	01.06.2006
23. Mordovian Trunk Grid Company	01.09.2005	51. Yakutsk Trunk Grid Company	01.06.2006
24. Nizhni Novgorod Trunk Grid Company	01.09.2005	52. Kurgan Trunk Grid Company	01.07.2006
25. Omsk Trunk Grid Company	01.09.2005	53. Komi Republic Trunk Power Grid	01.07.2006
26. Penza Trunk Grid Company	01.09.2005	54. Kuban Trunk Grid Company	01.07.2006
27. Ryazan Trunk Grids	01.09.2005	55. Kuzbassenergo Trunk Power Grids	01.07.2006
28. Smolensk Trunk Power Grids	01.09.2005		



POWER MARKET DEVELOPMENT

Creation of the competitive power market is one of the main objectives of the reform. All prices in this market should be formed on a demand and supply basis instead of being regulated by the State.

According to the Concept of RAO UESR's Strategy for 2003-2008 (the "5+5"), the target model for retail and wholesale markets involves:

- Creation of a unified market in the European part of Russia, Ural, and Siberia (excluding isolated energy systems, situated in these regions);
- Creation of efficient market infrastructure (Administrator of Trading System, System Operator, and sales companies);
- Creation of three market sectors: the sector of long- and medium-term bilateral contracts, day ahead market, and real-time (balancing) market.

Besides, the capacity market will also be created.

Regional retail markets will function in accordance with two basic principles: prices will be unregulated (free) and each consumer will be able to choose a sales company, from which he will buy electricity at free prices.

Creation of Non-commercial partnership "Administrator of Trading System" (NP ATS) in 2001, which further became the wholesale power (capacity) market operator, was the first step towards new market formation. On November 1, 2003 the transition wholesale power (capacity) market was launched. It is divided into three sectors:

- Regulated sector, where power and capacity are sold and bought at tariffs set by state authorities;
- Deviation sector, where power volumes not preplanned in operations schedule are sold at fixed tariffs;
- Free trade sector (FTS), where participants sell and consumers purchase electric power at unregulated prices.

In 2004 the new dispatching system was formed: functions performed by regional dispatch administrations, which previously were subsidiaries of RAO "UES of Russia", were transferred to SO-CDA UES.

KEY EVENTS

As far as changes in the market structure are concerned, the following key events took place in 2005:

- 1. On May 1, 2005** the transition model for the wholesale power (capacity) market was introduced within the Unified Energy System (UES) of Siberia. The event took place pursuant to the Russian Federation Government Resolution № 219 dated April 15, 2005 "On Amending the Russian Federation Government Resolution № 643 dated October 24, 2003";
- 2.** Pursuant to Russian Federation Government Resolution № 620 of October 17, 2005 "On Introducing Amendments to the Russian Federation Government Resolution on the Deviation Sector of the Transitional Wholesale Power (Capacity) Market", on October 20, 2005 the balancing market was launched in two price zones - in the European part of Russia+Ural and in Siberia;
- 3.** Preparations were completed to ensure readiness for the introduction of regional generation to the wholesale market with tariffs for energy and capacity for each power plant being set;
- 4.** On December 8, 2005 The Russian Federation Government approved that the wholesale market regulated sector should be transformed into into a system of regulated bilateral contracts since April 1, 2006, and prepared and approved the list of changes to be implemented.

October 21, December 5. At its meeting, the Interdepartmental Committee for Power Industry Restructuring under the chairmanship of Khristenko V.B., Minister for Industry and Energy, considered and approved the Concept for the transition to the new wholesale power (capacity) market of the transition period (further NOREM) in 2006. The new market will be based on the system of regulated bilateral contracts.



In 2005 RAO "UES of Russia", jointly with infrastructural organizations of the wholesale power (capacity) market*, continued working systematically in the following directions:

- preparations towards the launch of the transition wholesale power (capacity) market model in UES of Siberia, and analysis and monitoring of market operations;
- preparations towards the launch of the balancing market, and analysis and monitoring of its operations;
- coordination of activities performed by infrastructural organizations of the wholesale market and RAO UESR subdivisions, which are related to the introduction of regional generation companies to the wholesale market (since January 1, 2006);
- coordination of activities performed by infrastructural organizations of the wholesale market and RAO UESR subdivisions, which are aimed at making FGC UES ready for participating in the wholesale market (since January 1, 2006);
- preparations towards the transformation of the wholesale market regulated sector into the system of regulated contracts (further RCs) (since April 1, 2006), including the following measures: preparation of standard RC forms, development of the scheme under which counterparties will be attached according to RCs, development of the project for the system of financial arrangements and payments within the system of RCs, and development of competitive mechanisms for capacity trade etc.;
- development of the ancillary services market.

November 17. The Committee for RAO "UES of Russia" restructuring approved the concept for the ancillary services market (the wholesale market segment).

Preparations towards the introduction of regional generation to the wholesale market include the following events:

- The campaign for concluding contracts that are required to operate in the wholesale market in 2006 was held in December;
- As of November 30, 2005, all regional generation companies signed contracts for joining the trading system of the wholesale market, and as a result gained access to the trading system of OREM (wholesale power (capacity) market) on December 30, 2005.

PLANS 2006

The following measures are scheduled for 2006:

- formation of the system of regulated bilateral contracts in the wholesale market regulated sector since April 1, 2006;
- approval of the list of pilot projects designed to introduce long-term contracts for electric power supply to separate energy-consuming enterprises;
- preparations towards the transformation of the wholesale market regulated sector into the system of long-term regulated contracts since January 1, 2007;
- launch of pilot projects for ancillary services market in the second quarter of 2006.

* All work has been done under the Operation Center for preparing the launch of the improved transition wholesale power (capacity) market model, which was established by a joint Decree issued by RAO UES of Russia, SO-CDA, FGC UES, and ATS in early February 2005 in order to promote implementation of the wholesale market development plans.



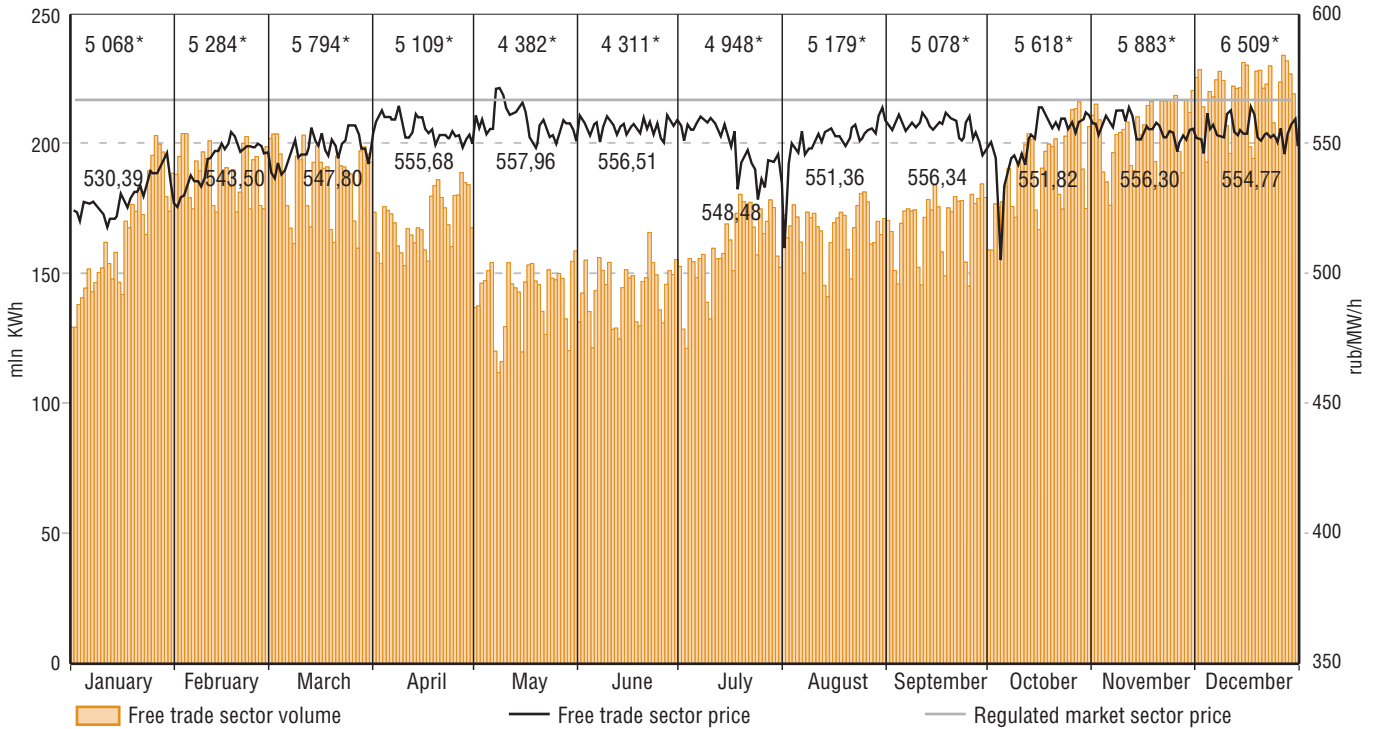
PARTICIPANTS IN THE FREE TRADE SECTOR

	Q3 2005	9 months* 2005	October 2005	November 2005	December 2005	Q4 2005	2005*
Bidders, total	124	130	125	129	130	134	138
including							
buyers	64	63	63	63	69	60	68
sellers	29	30	30	32	30	32	33
buyers and sellers	31	37	32	34	31	42	47
Among the traders - those not controlled by RAO	45	46	47	47	49	50	50
of them in the Price Zone of the European part of Russia and Ural	106	112	107	110	111	114	128
including							
buyers	59	58	58	60	66	59	67
sellers	22	23	23	24	22	23	24
buyers and sellers	25	31	26	26	23	32	37
Among the traders - those not controlled by RAO	40	41	42	41	43	44	44
of them in the Price Zone of Siberia	23	23	23	24	24	25	25
including							
buyers	10	10	8	8	8	6	6
sellers	7	7	7	8	8	9	9
buyers and sellers	6	6	8	8	8	10	10
Among the traders - those not controlled by RAO	9	9	9	10	10	10	10
Share of the Free Trade Sector in total generation in the Price Zone of the European part of Russia and the Ural Region	10,7	9,3	10,1	10,0	10,2	10,1	9,6
Share of the Free Trade Sector in total generation in the Siberian Price Zone	3,8	3,3	2,45	2,7	2,6	2,6	3,0

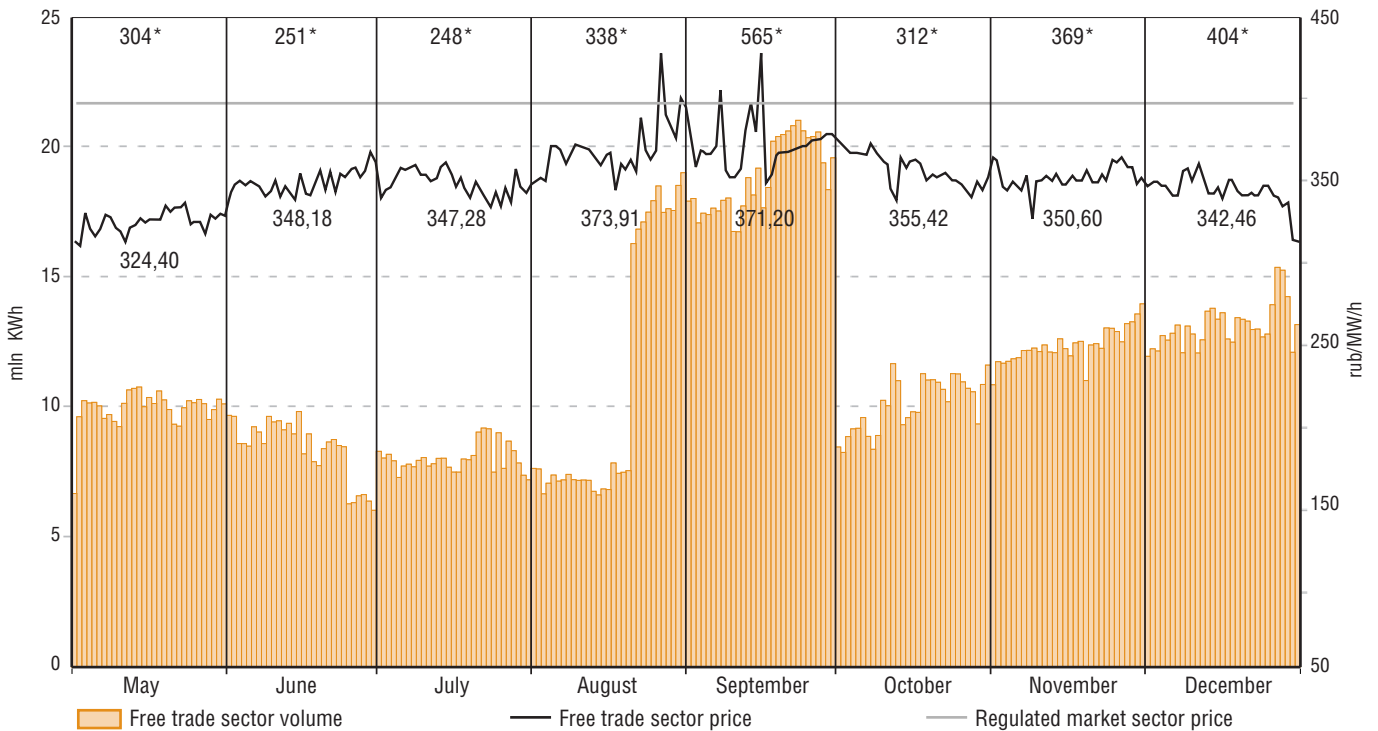
* data on the 2nd Price Zone since May 2005



TRADE RESULTS IN THE FREE TRADE SECTOR IN EUROPEAN RUSSIA AND URAL IN 2005



TRADE RESULTS IN THE FREE TRADE SECTOR IN SIBERIAN PRICE ZONE IN 2005



* Electric power purchase amount in free trade sector over the month, mln kWh



FUTURE TRENDS OF THE REFORM

Wholesale power (capacity) market

In 2006 development of the transition wholesale power (capacity) market will involve transformation of regulated sector into the system of bilateral contracts. This will help to reduce risks of significant price movements (as far as prices for electric power are concerned) and to eliminate the risk of the increase of cost imbalance in the wholesale market.

It is scheduled for 2006 to implement pilot projects related to the introduction of long-term contracts for electric power supply to be concluded with separate energy consuming enterprises. Implementation of these projects is designed to prepare wholesale market regulated sector for its transformation into the system of long-term regulated contracts since January 1, 2007. The Russian Federation Government charged the Ministry for Industry and Energy of the Russian Federation to form the list of these projects. It is supposed that long-term regulated contracts will be concluded for a term of one to five years, while volumes of electric power sold are gradually reducing under such contracts.

Preparations towards the launch of competitive capacity market in 2007 will continue. All wholesale power (capacity) market entities will become its participants. During the transition period sources of payments for capacity delivered by suppliers may vary: payments may be made under regulated contracts, under free bilateral contract or at competitive prices, formed as the result of competition between suppliers' price requests for capacity sale. The first auction for capacity supply, designed according to these principles, will take place in late 2006.

Ancillary services market

It is scheduled for 2006 to launch ancillary services market, which will encourage rendering of services on competitive grounds. Provided that there is no competition, ancillary services will be paid for on a regulated basis, i.e. under fixed tariffs. In order to provide transparency of ancillary services, trade suppliers will be obliged to follow strict requirements. Besides, rendering of these services will be under strict control.

Retail power markets

Changes in the structure of wholesale power (capacity) market should be supported by systematization of relations between participants of retail markets. This systematization is achieved through creation of the normative framework, which includes a whole range of rules. The key list of rules is called "Rules for the functioning of retail markets during the transition period". These rules will specify the status and main functions of guaranteeing suppliers and confirm non-discriminatory access to power transmission services, services rendered by Administrator of the Trading System, and dispatching services.

Further attempts will be undertaken to solve the problem of cross funding, with budgetary implications and social consequences taken into account.

Derivatives market

It is scheduled for the end of 2006 to start implementation of the project for derivatives introduction.



Establishment of new sector entities

Main goals of the Structural reform in 2006 include:

- to complete AO-Energo unbundling by activity type;
- to ensure that corresponding AO-power plants will be included in the configuration of WGCs and to complete formation of all thermal WGCs;
- to complete formation of 10 out of 14 TGCs;
- to check and implement all mechanisms designed to attract private investments to TGCs and thermal WGCs (additional issue of shares is among the measures);
- as far as formation of the distribution grid complex is concerned - to contribute shares of distribution grid companies as payment for additional issue of shares of interregional distribution grid companies (additional issue of shares is scheduled for the middle of 2006). When this happens, additionally issued shares of IDGCs will be offered to minority shareholders of RGCs in order to support transition to a single share in IDGCs;
- as far as consolidation of UNPG facilities is concerned - to go on transferring the right to use UNPG facilities owned by trunk grid companies to FGC UES and to implement measures designed to complete the merger of trunk grid companies that were registered in 2005 with ITGC Center (those trunk grid companies that were registered later than December 1, 2005 will have an opportunity to join ITGC Center in 2007, when it is again reorganized);
- it is supposed that by the end of 2006 SO-CDA UES will buy out all property of RDAs, which they are now leasing from companies separated from AO-Energos.

Restructuring of RAO "UES of Russia"

Pursuant to main directions of RAO "UES of Russia" restructuring, approved by the Russian Federation Government, it is scheduled for 2006 to make decisions related to the first stage of the company's reorganization by means of separation of several heat generation companies. Separation may take place at the end of 2006.



THE LIST OF normative acts on restructuring and functioning of electric power industry of the Russian Federation

Federal Laws of the Russian Federation

1. Federal Law № 35-FZ dated March 26, 2003 *"On the Electric Power Industry"*
2. Federal Law № 36-FZ dated March 26, 2003 *"On the Specifics of Electric Power Industry Functioning during the Transition Period, Introduction of Amendments into Certain Legislative Acts of the Russian Federation, and Repeal of Certain Legislative Acts of the Russian Federation due to the Adoption of the Federal Law "On the Electric Power Industry"*
3. Federal Law № 41-FZ dated April 14, 1995 *"On State Regulation of Tariffs for Electric and Thermal Power in the Russian Federation"*
4. Federal Law № 147-FZ dated August 17, 1995 *"On Natural Monopolies"*
5. Civil Code of the Russian Federation № 14-ФЗ dated January 26, 1996 § 6 *(Energy Supply). Part two*
6. Federal Law № 28-FZ dated April 3, 1996 *"On Energy Saving"*
7. Federal Law № 127-ФЗ dated October 26, 2002 *"On Bankruptcy", Chapter XII*
8. Federal Law № 128-ФЗ dated August 8, 2001 *"On Licensing Certain Activity Types". Article no. 18, paragraph 8.*

Russian Federation Government Resolutions:

1. Russian Federation Government Resolution № 526 of July 11, 2001 *"On Restructuring the Electric Power Industry of the Russian Federation"*
2. Russian Federation Government Resolution № 881 of December 21, 2001 *"On Criteria for the Assignment of Trunk Power Transmission Lines and Electric Grid Facilities to the Unified National (All-Russian) Power Grid"*
3. Russian Federation Government Resolution № 516 of August 22, 2003 *"On Extreme Tariff Rates for Electric and Thermal Power"*
4. Russian Federation Government Resolution № 576 of September 16, 2003 *"On Federal Bodies of Executive Power Authorized to Provide State Control over Activities Performed by the Administrator of Trading System of the Wholesale Power (Capacity) Market"*
5. Russian Federation Government Resolution № 638 of October 20, 2003 *"On the Accounting System to be Presented to the Federal Body of Executive Power Regulating Natural Monopolies"*
6. Russian Federation Government Resolution № 643 of October 24, 2003 *"On the Rules of the Transition Wholesale Power (Capacity) Market"*
7. Russian Federation Government Resolution № 648 of October 28, 2003 *"On the Assignment of Electric Grid Facilities to the Unified National (All-Russian) Power Grid and on Maintaining the Register of Electric Grid Facilities of the Unified National Power Grid"*
8. Russian Federation Government Resolution № 674 of November 5, 2003 *"On the Consideration Procedure for Disagreements Arising between the Executive Power Bodies of the Subjects of the Russian Federation in the field of State Regulation of Tariffs, Organizations Carrying out Regulated Types of Activities, and Consumers"*
9. Russian Federation Government Resolution № 792 of December 30, 2003 *"On the List of Services Related to Ensuring the Functioning and Development of the Unified Energy System of Russia"*
10. Russian Federation Government Resolution № 19 of January 19, 2004 *"On Adoption of Rules for the Approval of Investment Programs of Natural Monopoly Entities of the Electric Power Industry"*
11. Russian Federation Government Resolution № 24 of January 21, 2004 *"On Approval of Standards for the Information Disclosure by Participants of Wholesale and Retail Power Markets"*
12. Russian Federation Government Resolution № 109 of February 26, 2004 *"On Electric and Thermal Power Pricing in the Russian Federation"*
13. Russian Federation Government Resolution № 123 of March 3, 2004 *"On Approval of the Rules for the Revocation of both Tariff Regulation Decisions Made by Executive Authorities of the Russian Federation Constituents and Decisions Made By Institutions of Local Governing in pursuance of their Powers with Regard to State Regulation of Tariffs for*



Thermal Power

14. Russian Federation Government Resolution № 136 of March 4, 2004 *"On Approval of a Standard Provision for the Body of Executive Power of the Russian Federation Constituents Functioning in the field of State Regulation of Tariffs"*
15. Russian Federation Government Resolution № 854 of December 27, 2004 *"On Approval of Dispatching Rules in Electric Power Industry"*
16. Russian Federation Government Resolution № 861 of December 27, 2004 *"On approval of rules for non-discriminatory access to power transmission services and rendering of these services, rules for non-discriminatory access to dispatching services in electric power industry and rendering of these services, rules for non-discriminatory access to services rendered by the Administrator of Trading System functioning within the wholesale power market and rendering of these services, and rules for technological attachment of power receiving devices (power plants) owned by legal entities and natural persons to power grids"*
17. Russian Federation Government Resolution № 81 of February 16, 2005 *"On identification of sources to reimburse exploiting organizations, which are working in the field of nuclear power use, for their costs involved in guaranteeing their appropriate functioning and executing their functions"*
18. Russian Federation Government Resolution № 291 of May 6, 2005 *"On approval of provision which allows citizens to be granted a license to sell electric power"*

Russian Federation Government Decrees:

1. Russian Federation Government Decree № 865-r of June 27, 2003 *[On the Plan of Measures for Power Industry Restructuring in 2005-2006]*
2. Russian Federation Government Decree № 1252-r of September 1, 2003 *[On Assignment of Representatives of Federal Executive Authorities to the Supervisory Board of the Non-Commercial Partnership "Administrator of the Trading System of the Wholesale Power (Capacity) Market"]*
3. Russian Federation Government Decree № 1254-r of September 1, 2003 *[On Formation of Generation Companies of the Wholesale Power Market]*
4. Russian Federation Government Decree № 1754-r of December 1, 2003 *[On Approval of the Program for Changing Levels of State Regulated Prices (Tariffs) in Electric Power Industry]*
5. Russian Federation Government Decree № 1939-r of December 29, 2003 *[On the Establishment of Seven Interregional Trunk Grid Companies]*
6. Russian Federation Government Decree № 1288-r of October 7, 2004 *[On Amending the List of Representatives of Federal Executive Authorities to Become Members of the Supervisory Board of the Non-Commercial Partnership Administrator of the Trading System of the Wholesale Power (Capacity) Market]*
7. Russian Federation Government Decree № 1367-r of October 25, 2004 *[On Establishment of the 7th Generation Company of the Wholesale Power Market]*



Orders by the Ministry for Industry and Energy of the Russian Federation and FTS (Federal Tariff Service) and FEC (Federal Energy Commission) Regulations

1. Order by the Ministry for Industry and Energy of the Russian Federation № 58 dated March 28, 2005 *"On Approval of the List of Technical Regulations in Electric Power Industry"*
2. Order by the Ministry for Industry and Energy of the Russian Federation № 119 of June 14, 2005 *"On the minimum size of assets (capital) that companies should own if they want to sell electric power to the population"*
3. Order by the Ministry for Industry and Energy of the Russian Federation № 21 of February 3, 2005 *"On Approval of the Procedure to Calculate Normative (Process) Losses of Energy in Electric Grids"*
4. FEC Regulation № 66-e/1 of August 25, 2003 *"On Maximum Tariff Rates for Electric and Thermal Power in 2004"*
5. FTS Order № 20-e/2 of August 6, 2004 *"On Approval of Instructional Guidelines for the Calculation of Regulated Tariffs and Prices for Electric (Thermal) Power in the Retail (Consumer) Market"*
6. FTS Order № 43-e/2 of August 24, 2004 *"On Approval of Instructional Guidelines for the Calculation of Tariffs for Services Provided to Ensure Functioning of the Trading System of the Wholesale Power (Capacity) Market"*
7. FTS Order № 44-e/3 of August 24, 2004 *"On Approval of Instructional Guidelines for the Calculation of Deviation Value (Deviations of real-time quantities of electric power produced (consumed) by market participants from those preplanned in the hourly production (consumption) schedule)"*
8. FTS Order № 45-e/4 of August 24, 2004 *"On Approval of Instructional Guidelines for the Calculation of Tariffs for Dispatching Services in Electric Power Industry"*
9. FTS Order № 22-e/5 of February 15, 2005 *"On Approval of Instructional Guidelines for the Calculation of the Amount of Payment for Interconnection to Electric Grids"*
10. FTS Order № 130-e of April 8, 2005 г. *"On Adoption of Regulations to Set Tariffs for Electric (Thermal) Power (Capacity) and for Services Provided in Wholesale and Retail Power (Capacity) Markets, and (or) their Extreme Levels"*
11. FTS Order № 275-e/4 of July 5, 2005 *"On Approval of Instructional Guidelines for the Calculation of Extreme Tariff Rates (Maximum and (or) Minimum Levels) and of Tariffs for the Output (Services) Provided by the Companies Performing Regulated Activities"*



BASIC TERMS AND DEFINITIONS

ABBREVIATIONS

AO-Energo	– Open Joint-Stock Power and Electrification Company
ATS	– Sales System Administrator
SDPP	– State District Power Plant (heat power plants in Russia)
HEPP	– Hydroelectric Power Plant
S&A	– Subsidiaries and Affiliates
UNPG	– Unified National Power Grid
UESR	– Unified Energy System of Russia
Trunk GC	– Trunk Grid Company
Interregional Trunk GC	– Interregional Trunk Grid Company
IDGC	– Interregional Distribution Grid Company
WGC	– Wholesale Generation Company
IDA	– Integrated Dispatch Administration
WCR	– Wholesale Electric and Heat Energy Consumers and Resellers
IES	– Integrated Energy Systems
RDA	– Regional Dispatch Administration
RGC	– Regional Generation Company
RGC	– Regional Grid Company
REC	– Regional Energy Commission
SO-CDA UES of Russia	– System Operator – Central Dispatch Administration of Unified Energy System of Russia
TGC	– Territorial Generation Company
HPP	– Heat Power Plant
CHP	– Combined Heat and Power Plant (also: Heat Power Plant)
FOREM	– Federal Wholesale Market of Electric Power and Capacity
FGC	– Federal Grid Company
FEC	– Federal Energy Commission
CSC FOREM	– Contract and Settlement Center of the Federal Wholesale Market of Electric Power and Capacity
CDA UES of Russia	– Central Dispatch Administration of Unified Energy System of Russia

TERMS AND DEFINITIONS*

Sales System Administrator (ATS) – nonprofit partnership company, the main purpose of which is to render trade services on the wholesale electric power (capacity) market; as well as financial management of electric power supplies and services being rendered to wholesale market entities; ensuring equal opportunities for all entities of the wholesale electric power market; protection of electric power suppliers and buyers; enhancement of efficiency of the electric power production and consumption.

"Basic Scenario" of the AO-Energo reform – reform of the AO-Energo through AO-Energo re-organization by means of proportional distribution of shares between the shareholders of the re-organized company, and creation of network, generating, sales and other special-purpose companies. (Decision of RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

Initial Balance Sheets – balance sheets of the companies emerging following the re-organization, and the bookkeeping balance sheet of the re-organized company as on the date of state registration of companies founded resulting from re-organization (RAO UESR adjustment standard for separation balance sheets of AO-Energo, budgeted initial balance sheets and initial balance sheets of the companies emerging following the re-organization).

* RAO UES of Russia - Basic Terms and Definitions Reference Book



Guaranteeing Supplier – a profit-making company bound to execute electric power sales contracts with any applicant consumer or any individual acting for and on behalf of the consumer and willing to purchase the electric power, pursuant to the electric power industry regulations or in accordance with voluntary commitments. (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Wholesale Generation Companies (WGC) – generation companies founded on the basis of electric power plants pursuant to the Guidelines for Reform of the Electric Power Industry of the Russian Federation (approved by Russian Government Resolution No. 526 of July 11, 2001; Russian Government Order No. 1254-p of September 1, 2003; Russian Government Order No. 1367-p of October 25, 2004; and Decision of RAO UESR Board of Directors No. 125 of August 15, 2002).

Unified National (All-Russian) Power Grid (UNPG) – the total of power transmission lines and electric grid facilities subject to the unified operational and engineering control, being of strategic importance for a non-interrupted electric power supply of consumers and functioning of the wholesale electric power market, as well as to ensure parallel functioning of the UES of Russia and electric power systems of other countries, including the electric power export and import (Russian Government Resolution No. 881 of December 21, 2001 "On the Criteria of Trunk Transmission Lines and Grid Facilities Attribution to the Unified National Power Grid").

Unified Energy System of Russia (UESR) – the total of production facilities and other property items of electric power industry interconnected by the unified process of electric energy production (including the combined-cycle production of electric and heat energy) and transmission under the centralized dispatching control of the electric power industry (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Interregional Trunk Grid Companies (Interregional Trunk GC) – companies formed by means of consolidation of network or generation companies created in the course of the Russian electric power industry reform, following the AO-Energo reform (Interregional Distribution Grid Companies, Trunk Grid Companies, Territorial Generation Companies), as well as by means of foundation on the basis of AO-FESs and AO-stations (generation companies of the wholesale electric power market) (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002).

Interregional Distribution Grid Companies (IDGC) – open joint-stock companies founded on the territorial basis and receiving the shares of Distribution Grid Companies. (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

Trunk Grid Companies (TrunkGC) – open joint-stock companies emerging from the AO-Energo reform and acquiring the electric grid facilities within the Unified National (all-Russian) Power Grid (Federal Law No. 36-FZ of March 26, 2003 "On the Specifics of Electric Power Industry Functioning during the Transition Period"; Decision of the RAO UES of Russia Board of Directors No. 125 of 15.08.2002).

"Non-Basic Scenario" of the AO-Energo Reform – reform scenario that differs from the basic one and provides for segregation of AO-Energo by the type of activity, which is applicable in cases requiring the individual approach (reform of the Far East Power Systems, low-competition power systems, companies with financial uncertainty, etc.) (2003-2008 RAO UESR Strategy Concept).

Integrated Energy System – the total of several power systems integrated by a common operating regime and the unified dispatching control.

Electric Grid Facilities – electric transmission lines, transformer and other substations, distributing points and other equipment meant for ensuring the electric connection and electric power transmission (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Electric Power Industry Facilities – items of property used directly in the process of electric power production and transmission, dispatching control in the electric power industry and electric power sales, including electric grid facilities (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Wholesale Market of Electric Power (OREM) – sphere of circulation of a specific product – electric power (capacity) within the Unified Energy System and the Common Economic Space of the Russian Federation, involving big electric power producers and consumers with the status of wholesale market entities and operating on the basis of the wholesale market regulations approved by the Russian Government in accordance with the Federal Law "On the Electric Power Industry". The criteria allowing to attribute the electric power producers and consumers to the category of big producers and consumers are established by the Russian Government (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Cross-Subsidy – settlement of damages arising from low rates established for a specific consumer group (population, consumers funded from budgets of different levels, etc.) at the expense of consumers paying higher rates.

Budgeted Initial Balance Sheet – forecast bookkeeping figures of the AO-Energo separation balance sheets as on the anticipated registration date of companies emerging in the process of re-organization.

Unbundling by activity type – structural breakdown of naturally monopolistic and potentially competitive activities involving their detachment into independent companies (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry"; Federal Law No. 36-FZ of March 26, 2003 "On the Specifics of Electric Power Industry Functioning During the Transition Period", 2003-2008 RAO UESR Strategy Concept "5+5").

Separation Balance Sheet – document (package) to be approved by the Annual General Meeting of the company undergoing re-organization, complete with provisions for legal succession of all rights and obligations of the company undergoing re-organization, on the basis of which a certain part of rights and obligations of the above company shall be transferred to each emerging company.

Distribution Grid Companies (DGC) – open joint stock companies resulting from the AO-Energo reform on the basis of electric grid facilities not included in the Unified National (All-Russian) Power Grid (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

Regional Generation Companies (RGC) – open joint stock companies resulting from the AO-Energo reform, based on the generation assets not subject to inclusion into the WGC (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

Repair and Service Company in the Electric Power Industry – a company whose basic activity is scientific-and-design support and (or) repair and maintenance of equipment, buildings and structures ensuring the electric and heat power production, transmission, distribution and sales, including the dispatching control.

Electric Power Industry Reform – transformation of the federal wholesale electric power (capacity) market into an adequate and competitive electric power market, including the creation of efficient retail electric power markets to ensure smooth power supply to consumers (Russian Government Resolution No. 526 of July 11, 2001 "On the Reform of Electric Power Industry of the Russian Federation").

Free Trade Sector – a sector engaged in wholesale trade of a certain amount of electric power by means of conclusion and execution of bilateral sales contracts, and by means of selection of the buyers' and vendors' price bids in free-market (non-regulated) prices (Russian Government Resolution No. 643 of October 24, 2003 "Electric Power Wholesale Market – Transition Period Regulations").

Wholesale Market Entities – legal entities duly authorized to participate in the relations associated with electric power circulation on the wholesale market pursuant to the wholesale market regulations approved by the Russian Government (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").



Electric Power Industry Entities – entities and persons engaged in the electric power industry, including electric and heat power production, electric power supply (sales), power supply to consumers, rendering of services associated with electric power transmission and dispatching control in the electric power industry and electric power sales including management thereof (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Territorial Generation Companies (TGC) – open joint-stock companies founded in the course of interregional integration of generation assets owned by AO-Energo (Regional Generation Companies), except for the generation assets to be included in WGC (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept; and Decision of the RAO UESR Board of Directors No. 125 of August 15, 2002).

Management Company – company rendering contractual services on performing the functions of the other companies' (AO-Energo, AO-FESs, AO-stations etc.) sole executive bodies (Federal Law "On Joint Stock Companies).

Dispatching Control Services in the Electric Power Industry – package of measures for the centralized management of production cycles of engineering devices employed at electric power plants, power grids and power-receiving equipment of load-controlled electric power consumers for the purpose to ensure a non-interrupted power supply and electric power quality complying with applicable technical regulations and other mandatory requirements (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").





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