

NEWSLETTER
**"On the Course of Reforms
in the Electric Power Industry of the
Russian Federation in 2003 "**

DEAR COLLEAGUES!

I am presenting you the newsletter "On the course of reforming the electric power industry in the Russian Federation in 2003". This letter contains the information on all key events, which occurred in the field of reforming the electric power industry last year.

The set of laws on the electric power industry, the basis of today's reform came into effect on April 1, 2003. The set included the following laws: "On the electric power industry"; "On the peculiarities of the electric power industry functioning within the transitional period and on the introduction of alterations in certain legislative provisions of the Russian Federation and on the recognition of some of the legislative provisions of the Russian Federation invalid due to the adoption of the Federal law "On the electric power industry"; "On introduction of alterations and amendments in the Federal law "On the state regulation of the electric and heat energy tariffs in the Russian Federation"; "On the introduction of alterations and amendments in the Federal law "On the natural monopolies";" On introduction of alterations and amendments in the second part of the Civil Code of the Russian Federation".

On May, 29th, 2003 the members of the RAO UESR Board of Directors unanimously approved "the Concept of the RAO UESR "5+5" Policy/Strategy for 2003-2008, that determined the means, stages, terms and the basic schemes of the forthcoming reforms in the electric power industry, offered the target structure of the branch, fixed the rights of the shareholders. The Policy became the basic corporate document for the holding's reform.

April 2003 saw the launching of the regional power companies reform process, when the RAO UESR Chairman A. B. Chubais signed the order on launching the pilot reform projects concerning the "Tulenergo", the "Kalugaenergo", the "Oreleenergo" and the "Bryanskenergo". By late 2003 the reorganization of three power grid companies was approved by the general shareholders meetings, and the reform was launched in 30 affiliated companies.

In 2003 the restructuring of the operation and dispatch service in Russia was almost completed. Today, as it is stipulated by the law "On the electric power industry", the operation and dispatch functions are mainly performed by the System operator, that completely excludes the possibility of the accidents similar to those occurred in the USA and other countries last year. By late 2003 the System operator took upon itself the functions of 60 power grid companies of Russia.

On October 24, 2003 the RF Government Chairman M. M. Kasyanov signed the Decree №643 "On the rules of the electric power (capacities) wholesale market in the transitional period". On November 1, 2003 Not-for-profit partnership "The Manager of the electric power wholesale market sales system of the UES" held the Russia's first electric power tender at free prices. 13 companies participated in the tender and the total volume of trade amounted to about 1% of the general consumption on the European part of Russia and in the Ural region. Already in 2 months after the beginning of the tender the number of participants rose to 40, and the total volume of the tender reached 4%. At the same time during the operation of the free trade sector the supply price was below the regulated market sector tariffs.

The establishment of the wholesale generating companies (WGCs), which are to form the basis for the electric power industry market of Russia, entered its period of realization. The official directive signed on September 1st of the past year "On the structure of electric power wholesale generation companies" allowed RAO UESR to start the development of the corporate establishment mechanisms of WGCs. On September 29th the RAO UESR Board of Directors approved the basic scheme of WGCs establishment. On November 25, 2003 the Strategy and Reform Committee under the RAO UESR Board of Directors analyzed the split-off mechanisms of WGCs, the possibility of their transfer to a single share, and the way of the TGCs' co-establishment by several JSC-Energo companies.

The Committee members introduced their recommendations to the RAO UESR Board of Directors, which will make the final decision on the problem by early 2004. At the meeting on December 26, 2003 the RAO UESR Board of Directors approved the principles of holding auctions

on the thermal WGCs. Among them there are indisputable rights of the RAO UESR shareholders to the pro rata distribution of shares, market determination of the WGC share price, availability of the information on the real profit-makers of the auction participants and on the large (more than 25 %) share holdings WGC purchasers, the utmost transparency and simplicity of mechanisms, as well as the ensuring of RAO UESR shareholders' rights and protection of their interests.

On December 29, 2003 the RF Government Chairman signed the Decree "On the establishment of the Interregional Trunk Grid Companies (ITGC)", stipulating the participation of the FGC UES and the Russian Federal Property Fund (RFPF) in the establishment of ITGC Center, ITGC North-West, ITGC Volga, ITGC South, ITGC Ural, ITGC Siberia, and ITGC East. Thus the large-scale restructuring of the power grid complex of Russia was launched. This process of the Interregional Trunk Grid Companies establishment is supposed to take half a year. The share of the Russian Federation in the authorized capitals of these companies will be 85% and the share of PJSC "FGC UES" - 15%.

The splitting off process of the repair types of activity at the regional power grid companies develops very fast. On November 24, 2003 the RAO UESR Board of Directors for the first time made a decision on selling the "Belgorodenergoremont" shares in accordance with the decision-making procedure, concerning the reduction of the Repair units affiliation level with regard to JSC-Energo and JSC-Power plants, approved by the RAO UESR Board of Directors. 40 repair units were established by late 2003 as the affiliated companies.

I hope, that the newsletter will give you complete information on the changes occurring in the sector.

Deputy Chairman of the RAO UESR Board of Directors V. U. Sinyugin

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RAO UESR Corporate Strategy Promotion Committee

MARKET DEVELOPMENT "5-15 %"

Sales System Administrator of the Wholesale Power Market of the Unified Energy System, not-for-profit partnership (ATS) was established on November 23, 2001, pursuant to Russian Government Resolution No.526 as of July 11, 2001 "On Restructuring of the Electric Power Industry of the Russian Federation". The key objective of ATS is to organize and launch electric power and capacity trading in the free trade sector of the wholesale market and to ensure coordinated functioning of its free and regulated sectors. From August 23, 2002 till October 31, 2003 the NPP ATS held simulative electric power tenders aimed at the technological optimization of the electric power wholesale market functioning. More than 140 companies participated in the tenders.

RESULTS

June 9, 2003. The approval of the new edition of the NPP ATS Statute, altered in conformity with the requirements of laws on the electric power industry, that came into effect on April 1, 2003.

September 3, 2003. The full composition of NPP ATS Supervisory Board was formed. It was composed of the representatives of suppliers (“Electric Power Suppliers Chamber”), purchasers (“Electric Power Purchasers Chamber”), as well as the representatives of the RF Government and RF Federal Assembly (“State Representatives Chamber”).

September 19, 2003. The Session of the NPP ATS Supervisory Board was held. The following decisions were made:

- Valentin Zavadnikov, the Industrial Policy Committee Chairman of the RF Council, was appointed the NPP ATS Supervisory Board Chairman.
- Sergey Beloborodov, the Director General of Evrosibenergo, Ltd., a representative of the Electric Power Purchasers Chamber was appointed the NPP ATS Supervisory Board Deputy Chairman.
- “The Rules on the Wholesale Electric Power Market Subjects’ Admission to the Wholesale Electric Power Market Sales System”, “Provisions on the Procedure for Obtaining the Status of the Free Trade Sector Participant and on keeping the Register of the Wholesale Electric Power Market Subjects”, “The Rules on the Submission of Bids by the Wholesale Electric Power Market Participants to the Sales System Administrator for the Participation in the Competitive Selection of the Free Trade Sector” were adopted as a basis.

September 26, 2003. The meeting of the NPP ATS Supervisory Board was held. The following

October 31, 2003. The meeting of the NPP ATS Supervisory Board was held. The Board approved:

- “The Contract on Joining the Sales System of the Wholesale Electric Power Market” and 5 standard contracts forms appendices to “The Contract on the Joining the Sales System of the Wholesale Electric Power Market”;
- 12 rules on the electric power wholesale market;
- the agreement on the use of the digital signature in the Sales System of the Wholesale Electric Power Market;
- The Provisions on the claiming order of solving disputes between Wholesale Electric Power Market Subjects;
- The form of the additional agreement to the power supply contract;
- The Provisions on the acknowledgement of the Participation Rights in the Free Trade Sector of the Wholesale Electric Power Market and on the Wholesale Electric Power Market Subjects’ Registration;
- The specific requirements of the transitional period to the electric power account systems of the Wholesale Electric Power Market Subjects.

November 1, 2003. The NPP ATS held the first Russian electric power tender in the competitive sales sector “5-15% “. 13 participants were registered in the tender: 6 purchasers and 7 sellers.

30 bids were registered by the Sales System Administrator.

The total sales volume reached 13 mln. kWh with the weighted average price 26,4 kop/kWh, that is 5,3 % below the FOREM indications.

November, 2003. The pilot projects on joining the account systems of Kostroma SDPP and Tambovenergo the measurement model of the Wholesale Electric Power Market.

<p>decisions were made:</p> <ul style="list-style-type: none"> ▪ “The Contract on Joining the Wholesale Electric Power Market Sales System”, based on the RF Government Decree Project “On the Rules of the Wholesale Electric Power Market within the Transitional Period” were adopted as a basis. ▪ The Rules of the Wholesale Electric Power Market, developing the RF Government Decree Project, were adopted as a basis. <p>October 24, 2003. The RF Government Chairman M. M. Kasyanov signed Decree №643 "On the rules of the electric power (capacities) wholesale market within the transition period".</p>	<p>December 11, 2003. GC Rosenergoatom for the first time took part in the tender in the free sector of wholesale electric power. Within the first six days of the tender the sales sector of the GC Rosenergoatom sold above 170 million kWh of electric power. 9 out of 10 power plants of Russia participated in electric power supply to the free market.</p>
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Volumes and Price Dynamics of the free sales sector of the wholesale electric power market from 11/2/2003 till 12/31/2003

November December

mln kWh

Ruble/MWh

Volume of competitive sector (CS) by results of the tenders

Price

ESTABLISHMENT OF WHOLESALE GENERATION COMPANIES (WGCS) AND TERRITORIAL GENERATION COMPANIES (TGCS)

RESULTS

September 1, 2003. The RF Government Chairman M. M. Kasyanov signed the Decree "On the Wholesale Power Market Generation Companies Structure».

September 29, 2003. The RAO UESR Board of Directors approved the basic scheme of WGC establishment, which at the first stage foresaw their establishment as 100% RAO UESR affiliates implying the contribution of power plants assets and JSC-power plants shares to their authorized capital, and at the second stage the contribution of the RAO UESR's shares of the JSC-plants, split-off JSC-Energo; conversion to a single share of heat WGCs by the exchange of shares on the basis of a unified assessment methodology.

October 14, 2003. The Strategy and Reform Committee under the RAO UESR Board of Directors addressed the problem on the establishment of Territorial Generation Companies (TGCs) through their co-foundation by several power companies and it made a decision to set up a working group to further improve the ways of risks minimization and management, detected in the process of the scheme realization.

October 31, 2003. The RAO UESR Board of Directors took into account the information on the prospective establishment of Territorial Generation Companies (TGCs) through the co-foundation and instructed the RAO UESR Board and the Strategy and Reform Committee under the RAO UESR Board of Directors to introduce the amendments into submitted materials in view of the stated remarks.

November 17, 2003. On the results of discussing the issue of the Territorial Generation Companies configuration the RAO UESR Board of Directors suggested the establishment of 14 TGCs.

November 25, 2003. The Strategy and Reform Committee under the RAO UESR Board of Directors considered the problem "On TGC split-off schemes". The Committee took into

November 25, 2003. The Strategy and Reform Committee under the RAO UESR Board of Directors addressed the issue on the establishment Territorial Generation Companies (TGCs) through the co-foundation by several JSC-Energo, and on the ways of TGCs configuration". The Committee recommended the RAO UESR Board of Directors to instruct the RAO UESR Board and the Strategy and Reform Committee under the RAO UESR Board of Directors to:

- complete the scheme and risks of the TGCs establishment through their co-foundation by several JSC-energo;
- complete the introduced TGCs' configuration;
- address the RF Ministry of Economic Development and the RF Ministry of the Atomic Power on the subject of TGCs, which may be considered as monopolies;
- reconsider the given problem at the RAO UESR Board of Directors meeting in February 2004;
- request the RAO UESR Management to provide the Committee members with additional information on the scheme of the criteria calculations of TGC establishment, and also on the given TGCs calculations according to these criteria.

December 5, 2003. The RAO UESR Board of Directors instructed the RAO UESR Management Board and the Strategy and Reform Committee under the RAO UESR Board of Directors to complete the scheme and mechanisms of risks minimization and management in the process of TGCs establishment through their co-foundation by several JSC-energo.

December 5, 2003. The RAO UESR Board of Directors took into account the information on the TGCs establishment through the co-foundation by several JSC-energo and on the ways of TGCs configuration. The RAO UESR Board of Directors instructed the RAO UESR Management Board and the Strategy and Reform Committee under the RAO UESR Board of Directors to complete the scheme and mechanisms of risks minimization and

account and confirmed the basic provisions of the Concept “Strategy 5+5” (see www.rao-ees.ru for details).

management in the process of TGCs establishment through the co-foundation by several JSC-energo.

December 26, 2003. The RAO UESR Board of Directors approved the rules for heat WGCs auctions. Among them there were the indisputable rights of the RAO UESR shareholders to the pro rata shares distribution, market determination of the WGC share price, availability of the information on the real profit-makers of the auction participants and on the large (more than 25%) share holdings of WGC purchasers, the utmost transparency and simplicity of mechanisms, as well as the ensuring of RAO UESR shareholders’ rights and protection of their interests.

INFORMATION ON THE ELECTRIC POWER PLANTS MERGING INTO THE
WHOLESALE GENERATION COMPANIES OF THE ELECTRIC POWER WHOLESALE
MARKET

	Power Plant name	Fixed capacity, MW	Affiliation and legal status	Region
1st generation company				
1.	Verkhnetagil SDPP	1502	RAO UESR property, leased to Sverdlovenergo	Sverdlovsk region
2.	Nizhnevartovsk	800	Tyumenenergo (RAO UESR' share – 100%)	Tyumen region
3.	SDPP	24	Tyumenenergo (RAO UESR' share – 100%)	Tyumen region
4.	Urengoy SDPP	2430	Orenburgenergo (RAO UESR' share – 100%)	Orenburg region
5.	Irikhinsk SDPP+	2400	FPS (RAO UESR' share – 100%)	Perm region
6.	HEPP	1885	Mosenergo (RAO UESR' share – 50,87%)	Moscow region
	Perm SDPP	9041		
	SDPP-4 (Kashira)			
	Total			
2nd generation company				
1.	Pskov SDPP	430	FPS (RAO UESR' share – 50%)	Pskov region
2.	Stavropol SDPP	2400	FPS (RAO UESR' share – 51%)	Stavropol region
3.	Troitsk SDPP	2059	FPS (RAO UESR' share – 100%)	Chelyabinsk region
4.	Surgut SDPP-1	3280	Tyumenenergo (RAO UESR' share – 100%)	Tyumen region
5.	Serov SDPP,	526	Sverdlovenergo (RAO UESR' share – 49%)	Sverdlovsk region
	Total	8695		
3rd generation company				
1.	Kostroma SDPP	3600	FPS (RAO UESR' share – 51%)	Kostroma region
2.	Cherepetsk SDPP	1425	FPS (RAO UESR' share – 55,79%)	Tula region
3.	Pechora SDPP	1060	FPS (RAO UESR' share – 51%)	Komi Republic
4.	South_Urals SDPP	882	Chelyabenergo (RAO UESR' share – 49%)	Chelyabinsk region
5.	Kharanorsk SDPP	430	RAO UESR	Chita region
6.	Gusinoozersk SDPP	1260	FPS (RAO UESR' share – 100%)	Buryatiya
	Total	8657		
4th generation company				
1.	Shatursk SDPP-5	1100	Mosenergo (RAO UESR' share – 50,87%)	Moscow region
2.	Smolensk SDPP	630	Smolenskenergo (RAO UESR' share – 48,68%)	Smolensk region
3.	Yayva SDPP-1 6	600	Permenergo (RAO UESR' share – 49%)	Perm region
4.	Surgut SDPP-2	4800	Tyumenenergo (RAO UESR' share – 100%)	Tyumen region
5.	Berezovsk SDPP-1	1400	FPS (RAO UESR' share – 100%)	Krasnoyarsk region
	Total	8530		

	Power Plant name	Fixed capacity, MW	Affiliation and legal status	Region
5th generation company				
1.	Nevinnomyssk SDPP	1340	FPS (RAO UESR' share – 100%)	Stavropol region
2.	Reftino SDPP	3800	RAO UESR property, leased from Sverdlovenergo	Sverdlovsk region
3.	M_Urals SDPP	1149	RAO UESR property, leased from Sverdlovenergo	Sverdlovsk region
4.	Konakovo SDPP	2400	FPS (RAO UESR' share – 51%)	Tver region
	Total	8689		
6th generation company				
1.	Ryazan SDPP	2640	FPS (RAO UESR' share – 100%)	Ryazan region
2.	SDPP-24	310	Mosenergo (RAO UESR' share – 50,87%)	Ryazan region
3.	Novocherkassk	2245	FPS (RAO UESR' share – 100%)	Rostov region
4.	SDPP-1 Kirishi SDPP	2097	RAO UESR property, leased from Lenenergo	Leningrad region
5.	Krasnoyarsk SDPP-2	1250	FPS (RAO UESR' share – 100%)	Krasnoyarsk region
6.	Cerepovtsy SDPP	630	Vologdaenergo (RAO UESR' share – 49%)	Vologda region
	Total	9172		
7th generation company (Volga-Kama HEPP Cascade)				
1.	Volga HEPP	2426	FPS (RAO UESR' share – 83,31%)	Volgograd region
2.	Nizhni Novgorod	520	RAO UESR	Nizhni Novgorod
3.	HEPP Upper Volga HEPP Cascade	448	FPS (RAO UESR' share – 100%)	reg. Yaroslavl region
4.	Volga HEPP	2300	FPS (RAO UESR' share – 84,11%)	
5.	Saratov HEPP	1337	RAO UESR	Samara region
6.	Cheboksary HEPP	1370	Chuvashenergo (RAO UESR' share – 100%)	Saratov region
7.	Kama HEPP	462	FPS (RAO UESR' share – 100%)	Chuvash Republic
8.	Botkinsk HEPP	1020	FPS (RAO UESR' share – 59,84%)	Perm region
	Total	9883		Perm region
8th generation company (Sibir and Far East HEPP)				
1.	Sayan_Shyshenskoye HEPP	6400	FPS (RAO UESR' share – 78,91%)	Krasnoyarsk region
2.	Novosibirsk HEPP	455	RAO UESR property, leased from	Novosibirsk region

3.	Zeynsk HEPP	1330	Novosibirskenergo FPS (RAO UESR' share – 56,39%) FPS (RAO UESR' share – 63,8%) FPS (RAO UESR' share – 65,42%)	Amur region
4.	Bureysk HEPP	2000*		Amur region
5.	Boguchansk HEPP	3000*		Krasnoyarsk region
	Total	8185		
		(5000*)		

	Power Plant	Fixed capacity, MW	Affiliation and legal status	Region
9th generation company (North Caucasus HEPP)				
1.	Chirkeynsk HEPP	1000	Dagenergo (RAO UESR' share – 51%)	Dagestan Republic
2.	Chiryurtsk HEPP	81		
3.	Miatlinsk HEPP	220		
4.	Gergebil HEPP	17,8		
5.	Maly Kurush HEPP	0,5		
6.	Maly Akhtyn HEPP	1,8		
8.	Irganay HEPP	400 (400*)	Sulakenergo (RAO UESR' share – 50,9%)	Dagestan Republic
9.	Baksanskaya HEPP	25	Kabbalkenergo (RAO UESR' share – 48,44%)	Kab.-Balk. Republic
10.	Soviet HEPP	2		
11.	Muholskaya HEPP	0,6		
13.	Akbash HEPP	1	Kabbalk HEPP (RAO UESR' share – 50,34%)	
14.	HEPP-3 on Baksan-Malka Canal	3,5		Kab.-Balk. Republic
15.	Lower Cherek HEPP Cascade	120*	Kabbalkenergo (RAO UESR' share – 48,44%)	
16.	Sadovaya HEPP**	0,2		Kab.-Balk. Republic
17.	Uchkulanskaya HEPP**	0,2	Kar_Chenergo (RAO UESR' share – 100%)	
18.	HEPP**	0,2		
19.	Eshkakonskaya HEPP**	80 (240*)	Zelenchuksk HEPP (RAO UESR' share – 97, 29%)	Kar.-Cher.

20.	Zelenchuki HEPPs	9,2	Sevkavkazenergo (RAO UESR' share – 49%)	Republic
21.		22,9		
22.	Dzau HEPP	45		Kar.-Cher. Republic
23.	Gizeldonskaya HEPP	0,5		
24.	Ezminskaya HEPP Bekanskaya HEPP	0,6		Northern Osetiya - Alania
25.	Kora-Urdsanskaya	352*	Sevkavkazenergo (RAO UESR' share – 87,96%)	
26.	HEPP	465	Stavropolenergo (RAO UESR' share – 51,13%)	
	Zaramagsk HEPPs Kuban HEPP Cascade (HEPP-1, HEPP-2, HEPP, HEPP-2, HEPP-4, Svistukhinskaya HEPP, Sengileevskaya HEPP, Yegorlykskaya HEPP, Novotroitskaya HEPP) Total	2378 (1112*)		Northern Osetiya - Alania Kar.-Cher. Republic
10th generation company				
1.	Zagorskaya SDPP	1200	Mosenergo (RAO UESR' share – 50,87%)	Moscow region

* - *planned established capacity.*

** - According to the Yuzhenergo office report (Letter №08-1282 dated 06.05.02) Sadovaya HEPP must be charged off on the operating conditions, Uchkulanskaya HEPP and Eshkakonskaya HEPP must undergo an expert appraisal on the subject of their repair and further exploitation expediency.

RESTRUCTURING OF JSC-ENERGO COMPANIES WITH REGARD TO THEIR SPLIT-OFF

Pilot Reform Projects – 4 JSC-Energo
(Bryanskenergo, Kalugaenergo, Orelenergo, Tulenergo)
(separation balance dated March 31, 2003)

RESULTS

April 9, 2003. The RAO UESR Chairman of the Board A.B. Chubais signed the order on starting the pilot reform projects in JSCs Tulenergo,	August 14, 2003. The Orelenergo Board of Directors passed a resolution on holding on September 30, 2003 an emergency general
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<p>Kalugaenergo, Orelenergo and Bryanskenergo.</p> <p>April 29, 2003. The competitive selection at Tulenergo, Kalugaenergo, Orelenergo and Bryanskenergo resulted in the nomination of a surveyor for the assessment of the market value of shares of the companies, undergoing restructurization, for their further redemption.</p> <p>May 5, 2003. The Tulenergo Board of Directors addressed the issues on launching the company reform project. Audit and Consulting Group (ACG) Top-Audit was approved as an independent appraiser, Joint Stock Bank (JSB) Investment and Banking Group (IBG) Nikoil – as the investment consultant.</p> <p>May 16, 2003. The Kalugaenergo Board of Directors addressed the issues on launching the company reform project. Entrepreneurship Problems Institute, Ltd. was approved as an independent appraiser, JSB IBG Nikoil - as the investment consultant.</p> <p>May, 23rd, 2003. The Orelenergo Board of Directors addressed the issues on launching the company reform project . Entrepreneurship Problems Institute, Ltd. was approved as an independent appraiser, JSB IBG Nikoil - the investment consultant.</p> <p>June 2, 2003. The Bryanskenergo Board of Directors addressed the issues on launching the company reform project. Entrepreneurship Problems Institute, Ltd. was approved as an independent appraiser, JSB IBG Nikoil - as the investment consultant.</p> <p>The Tulenergo, Kalugaenergo, Orelenergo and Bryanskenergo Boards of Directors' resolutions:</p> <ul style="list-style-type: none"> ▪ acknowledge the activities scheme for the power industry reform project as the basic directive for the project realization; ▪ instruct the general directors to work out within a month the corporate activities schedule for the reform project realization; ▪ ensure the preparation of the separation balance by the next Board of Directors meeting. 	<p>shareholders meeting. The Orelenergo Board of Directors approved the agenda for the emergency general shareholders meeting, approved the separation balance draft, approved the share pay-off price: 1.10 Ruble for ordinary and 0.5 Ruble for preference shares of shareholders, who either voted against the decision on restructuring, or failed to participate in the voting on the given item.</p> <p>August 15, 2003. The Kalugaenergo Board of Directors passed a resolution on holding on September 30, 2003 an emergency general shareholders meeting. The Kalugaenergo Board of Directors approved the agenda for the emergency general shareholders meeting, approved the separation balance draft, approved the share pay-off price: 9.28 Rubles for the shareholders, who either voted against the decision on restructuring process, or failed to participate in the voting on the given issue.</p> <p>August 27, 2003. The RF Government Committee for the Power Industry Reform recognized the alterations of the Tulenergo reform project, stipulating the establishment of the Tulenergo affiliation (as the founder) - the Novomoskovsk SDPP through including the Novomoskovsk SDPP assets, registered on the Tulenergo balance sheet in its authorized capital. However, the Priokskaya TGC or Tulenergo (grid company) ownership of Novomoskovsk SDPP shares was not approved by the Committee.</p> <p>August 29, 2003. The RAO UESR Board of Directors introduced alterations in the Tulenergo reform project, stipulating the establishment of the Tulenergo affiliation of the Novomoskovsk SDPP. However, the Board of Directors considered discussing the Tulenergo reform project at the emergency general shareholders meeting on August 31, 2003 unreasonable due to the insufficient study of the problem.</p> <p>August 31, 2003. The Tulenergo emergency general shareholders meeting failed to take place due to the absence of quorum: the gathering of registered shareholders who owned less than 50% of the shares. The recurring meeting date</p>
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	will be discussed by the Tulenergo Board of Directors in the near future.
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RESULTS

September 30, 2003. By majority vote at the Kalugaenergo and Orelenergo emergency general shareholders meeting the shareholders passed a resolution on restructuring the companies by their split-off; the scheme and condition of the split-off; share distribution between the newly-established Kaluga Generation Company, Orel Generation Company, Kaluga Power Management Company, Orel Power Management Company, Kaluga Sales Company, Orel Sales Company, Kaluga Trunk Grid Company, Orel Trunk Grid Company and the scheme for this distribution; approved the separation balances.

October 2, 2003. The Tulenergo Board of Directors approved the establishment of the Tulenergo 100% affiliation of the Novomoskovsk SDPP by including the Novomoskovsk SDPP assets in its authorized capital. The Board of Directors instructed the Director General to work out a draft resolution on the Novomoskovsk SDPP establishment by December 10, 2003.

October 31, 2003. By majority vote at the Bryanskenergo extraordinary general shareholders meeting the shareholders passed a resolution on restructuring the company by its split-off; the scheme and condition of the split-off; share distribution between the newly-established Bryansk Generation Company, Bryansk Power Management Company, Bryansk Sales Company, Bryansk Trunk Grid Company, and the scheme for this distribution; approved the separation balance.

October 2003. Kalugaenergo and Orelenergo according to the FL "On the joint-stock

November 2003. Bryanskenergo according to the FL "On joint-stock companies" considered corporative procedures for the fiscal and control organs notification on the emergency general shareholders meeting results, for the creditors notification on the possible advance debts repayment, and for the notification of the shareholders, who either voted against or did not vote for the restructuring process, on the possibility of shares presentation for redemption.

November 2003. Kalugaenergo and Orelenergo accomplished advanced repayment of the presented accounts payable and buy-out shares of the shareholders, who either voted against or did not vote for the restructuring process.

November 14, 2003. The presentation term of the shares redemption demands for the shareholders, who either voted against or did not vote for the Kalugaenergo and Orelenergo restructuring process, expired.

December 10, 2003. The Tulenergo Board of Directors passed a resolution on the establishment of the Tulenergo 100% affiliation - the Novomoskovsk SDPP.

December 15, 2003. Bryanskenergo ceased the reception of the shares redemption demand for the shareholders, who either voted against or did not vote for the restructuring process. By January 15, 2004 these shares must be redeemed by the joint-stock company.

December 15, 2003. The shares redemption term for the shareholders, who either voted against or did not vote for the Kalugaenergo and Orelenergo restructuring process expired.

companies” held the corporative procedures for the fiscal and control organs notification on the emergency general shareholders meeting results, for the creditors notification on the possible advance debts repayment, and for the notification of the shareholders, who either voted against or did not vote for the restructuring process, on the possibility of shares presentation for paying off.

December 19, 2003. The Kalugaenergo Board of Directors approved the report on the shares redemption results and introduced alterations in the terms of securities emission.

Reform projects for the second JSC-Energo group - 18 JSC-Energo
Belgorodenergo, Vladimirenergo, Volgogradenergo, Voronegenergo, Ivenergo, Karelenergo, Kirovenergo, Marienergo, Mordovenergo, Nignovenergo, Penzaenergo, NEMC (Arkhenenergo, Vologdaenergo, Kostromaenergo), Tambovenergo, Tverenergo, Chuvashenergo, Yarenergo
 (separation balance dated September 30, 2003)

September 1, 2003. The RAO UESR Chairman of the Board A. B. Chubais signed the order on launching the reform projects of Karelenergo, Marienergo, Mordovenergo, Nizhnovenergo, Penzaenergo, Chuvashenergo.

September 19, 2003. The RAO UESR Chairman of the Board A. B. Chubais signed the order on launching the reform projects of Vladimirenergo, Volgogradenergo, Voronegenergo, Ivenergo, Kirovenergo, NEMC (Arkhenenergo, Vologdaenergo, Kostromaenergo), Tambovenergo, Tverenergo, Yarenergo, Belgorodenergo.

Belgorodenergo, PLC

October 2, 2003. The Belgorodenergo Board of Directors addressed the issues on launching the

Voronegenergo, PLC

September 30, 2003. The Voronegenergo Board of Directors addressed the issues on launching the company reform project realization with regard to its split-off.

December 11, 2003. The Voronegenergo Board of Directors approved the Rosotsenka, Ltd. as an independent appraiser for assessing the share market price for their redemption, according to the FL “On joint-stock companies”.

Ivenergo, PLC

October 9, 2003. The Ivenergo Board of Directors addressed the issues on launching the company reform project realization with regard to its split-off.

November 20, 2003. The Ivenergo Board of

<p>company reform project with regard to its split-off.</p> <p>October 17, 2003. The Belgorodenergo Board of Directors approved the Entrepreneurship Problems Institute, Ltd as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies” .</p> <p>December 15, 2003. The Belgorodenergo Board of Directors passed a resolution on holding an emergency shareholders meeting two months ahead of schedule – in January 2004.</p> <p><i>Vladimirenergo, PLC</i> September 29, 2003. The Vladimirenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p>November 5, 2003. The Vladimirenergo Board of Directors approved Rosotsenka, Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies” .</p> <p><i>Volgogradenergo, PLC</i> October 9, 2003. The Volgogradenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p>	<p>Directors approved ENPI Consult, Ltd as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies”.</p> <p><i>Karelenegero, PLC</i> September 26, 2003. The Karelenegero Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p><i>Kirovenergo, PLC</i> October 8, 2003. The Kirovenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p>December 15, 2003. The Kirovenergo Board of Directors approved Pacholi. Audit Company, Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies” .</p> <p><i>Marienergo, PLC</i> September 23, 2003. The Marienergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p>October 30, 2003. The Marienergo Board of Directors approved ABM-Partner, Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies”.</p>
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All JSC-Energo Board of Directors resolutions:

- acknowledge the activities scheme for the power industry reform project as the basic directive for the project realization;
- instruct the Director General to ensure the separation balance preparation in accordance with the reform project.

RESULTS

Mordovenergo, PLC

October 17, 2003. The Mordovenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.

Nizhnovenergo, PLC

September 20, 2003. The Nizhnovenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.

November 12, 2003. The Nizhnovenergo Board of Directors approved Co-Invest, Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies” .

Penzaenergo, PLC

September 22, 2003. The Penzaenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.

November 5, 2003. The Vladimirenergo Board of Directors approved Rosotsenka, Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies”.

December 9, 2003. The RF Government Committee for Power Industry Restructuring introduced alterations in the Penzaenergo, PLC reform project, stipulating at the first stage the Heat Network Companies split-off as a 100% affiliation.

NEMC (Arkhenenergo, PLC)

October 9, 2003. The Arkhenenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.

NEMC (Vologdaenergo, PLC)

October 9, 2003. The Vologdaenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.

NEMC (Kostromaenergo, PLC)

October 9, 2003. The Kostromaenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.

November 27, 2003. The Kostromaenergo Board of Directors approved Lair, Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies” .

Tambovenergo, PLC

October 9, 2003. The Tambovenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.

December 16, 2003. The Tambovenergo Board of Directors approved the Entrepreneurship Problems Institute Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies” .

Tverenergo, PLC

September 26, 2003. The Tverenergo Board of Directors addressed the issue on launching the company reform project with regard to its split-off.

October 27, 2003. The Tverenergo Board of Directors approved Business Consulting-M, Ltd. as an independent appraiser for assessing the share market price for their redemption, according to the FL “On joint-stock companies” .

Chuvashenergo, PLC

September 25, 2003. The Kirovenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off .

Yarenergo, PLC

September 29, 2003. The Yarenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off .

	<p>November 23, 2003. The Yarenergo Board of Directors approved Pacholi. Audit Company, Ltd. as an independent appraiser for assessing the shares market price for their redemption, according to the FL “On joint-stock companies”</p>
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All JSC-Energo Board of Directors resolutions:

- acknowledge the activities scheme for the power industry reform project as the basic directive for the project realization;
- instruct the Director General to ensure the separation balance preparation in accordance with the reform project.

Restructuring projects for the third JSC-Energo group - 12 JSC-Energo
*Astrakhanenergo, Dagenenergo, Kubanenergo, Lipetskenergo, Permenergo, Rostovenergo, Ryazanenergo, Sverdlovenenergo, Smolenskenergo, Stavropolenergo, Udmurtenergo, Chelyabenergo**
 (Separation balance dated December 31, 2003)

The RAO UESR Chairman of the Board A. B. Chubais signed the order on launching the reform projects of Dagenenergo and Rostovenergo (October 17, 2003); Astrakhanenergo and Lipetskenergo (October 23, 2003), Ryazanenergo (October 24, 2003), Smolenskenergo (October 30, 2003), Kubanenergo (November 12, 2003), Permenergo, Sverdlovenenergo, Udmurtenergo (December 3, 2003).

RESULTS

<p><i>Astrakhanenergo, PLC</i> November 28 , 2003. The Astrakhanenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p><i>Dagenenergo, PLC</i> December 1, 2003. The Dagenenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p><i>Kubanenergo, PLC</i> November 27, 2003. The Kubanenergo Board of</p>	<p><i>Ryazanenergo, PLC</i> December 1, 2003. The Ryazanenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off</p> <p><i>Sverdlovenenergo, PLC</i> December 29, 2003. The Sverdlovenenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off .</p> <p><i>Smolenskenergo, PLC</i> November 13, 2003. The Smolenskenergo</p>
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<p>Directors addressed the issues on launching the company reform project with regard to its split-off by .</p> <p><i>Lipetskenergo, PLC</i> November 28, 2003. The Lipetskenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p><i>Permenergo, PLC</i> December 2, 2003. The Permenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p><i>Rostovenergo, PLC</i> October 31, 2003. The Rostovenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p>	<p>Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p><i>Stavropolenergo, PLC</i> December 5, 2003. The RAO UESR Board of Directors approved the Stavropolenergo, PLC Reform Project.</p> <p><i>Udmurtenergo, PLC</i> December 30, 2003. The Udmurtenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p> <p><i>Chelyabenergo, PLC</i> October 31, 2003. The Chelyabenergo Board of Directors addressed the issues on launching the company reform project with regard to its split-off.</p>
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All JSC-Energo Board of Directors resolutions:

- acknowledge the activities schedule for the power industry reform project as the basic directive for the project realization;
- instruct the Director General to ensure the separation balance preparation in accordance with the reform project.

* -These JSC-Energo reform projects are approved by the RAO UESR Board of Directors.

JSC-ENERGO ELECTRIC GRID COMPLEX RESTRUCTURING

FGC UES, PLC was established on June 25, 2002 as RAO UESR, PLC 100%-affiliation for managing the UNPG (Unified National Power Grid). The FGC UES, PLC authorized capital amounts to 127bln Rubles. RAO UESR, PLC contributed into it cash assets and the RAO UESR, PLC power grid complex, including 140 substations, electric transmission lines (over 44,000km), manufacturing units, technological control systems.

RESULTS

<p>March 11, 2003. The RAO UESR Board of Directors approved the establishment of the</p>	<p>December 15, 2003. The RAO UESR Management Board addressed the issue on the</p>
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affiliations, based on the JSC-Energo trunk grids facilities, belonging to the Unified National Power Grid.

April 10, 2003. The RAO UESR issued an order, stipulating the establishment of the JSC-Energo affiliations, based on the trunk grids facilities in Unified National Power Grid ownership.

June 26, 2003. The Appraisal Committee under the RAO UESR Board of Directors approved the companies selection procedure for the appraisal of the trunk grids facilities in UNPG ownership.

July 9, 2003. The RAO UESR Management Board approved the Management Scheme of the JSC-Energo Distribution Grid Complex and the Distribution Grid Companies, established as a result of JSC-Energo restructuring.

October 21, 2003. The RAO UESR Chairman of the Board A.B. Chubais signed the order “On the development of the JSC-Energo power grid units database”, and the Rules for the RAO UESR, the FGC UES, JSC-Energo subsidiaries and the engaged consulting companies cooperation in the process of the JSC-Energo power grid units database development.

October 27, 2003. The RAO UESR Chairman of the Board A.B. Chubais signed the order “On the development of the efficiency criteria for the Distribution Grid Complex and the Distribution Grid Companies Management” and the order “On the management system for the JSC-Energo Investment activities, concerning the construction, technical re-equipment and the reconstruction of the power grid units in UNPG ownership”.

October 28, 2003. The RF Government signed the Decree “On the assignment of the power grid units to the Unified National Power Grid”.

management schemes for the Interregional Distribution Grid Companies (IDGC). In order to establish centralized control over the Distribution Grid Complex, to ensure its reliability, efficient functioning and development, to increase the Distribution Grid Companies capitalization, the RAO UESR Management Board enacted to transfer the IDGC shares under trust management to FGC UES, PLC with restrictions, concerning certain activities. Particularly, FGC UES, PLC has no right to handle the shares, transferred to it under trust management.

December 29, 2003. The RF Government Chairman M.M. Kasyanov signed the Decree №1939-r on the establishment of 7 Interregional Trunk Grid Companies (ITGC) as PLCs with the RF and FGC UES, PLC shares. The Russian Federal Property Fund (RFPF) on behalf of the RF was charged to act as the founder of ITGC Center, ITGC North-West, ITGC Volga, ITGC South, ITGC Urals, ITGC Siberia, ITGC East with authorized capitals of 150,000 Rubles each. The share of the Russian Federation in the authorized capitals of these companies will amount to 85% and the share of FGC UES to 15%.

December 30, 2003. It was decided to establish 49 affiliates, based on the trunk grids facilities, owned by UNPG, 49 candidates were approved by FGC UES to be appointed as affiliate directors. Altogether 53 affiliates shall be established.

December 30, 2003. The FGC UES, PLC and JSC-Energo continue discussing the list of JSC-Energo power grid units, owned by UNPG, infrastructure units, providing their repair and maintenance, and dispatching control facilities, to be transferred to ITGC.

Altogether 57 JSC-Energo shall coordinate the units list transfer, including:

- agreed upon with FGC UES, PLC and TPG (in 53 JSC-Energo)
- agreed upon with TPG (in 2 JSC-Energo)
- not agreed upon (in 2 JSC-Energo)

REGIONAL DISPATCH ADMINISTRATION RESTRUCTURING

UES SO-CDA, PLC was established on July 17, 2002 according to the RF Government Decree №526 “On the RF Electric Power Industry Reform “ dated July 11, 2001, the sole founder being RAO UESR.

RESULTS

<p>May 19, 2003. The RAO UESR and the UES SO-CDA, PLC established a project group to organize the management of the preparation procedures before the transfer of operation and dispatch control functions from JSC-Energo to the RDA – affiliates of UES SO-CDA, PLC.</p> <p>The project group objectives:</p> <ul style="list-style-type: none">▪ establishment of the regional affiliates of UES SO-CDA, PLC;▪ coordination of the list of equipment to be transferred to the RDA – affiliates of UES SO-CDA, PLC;▪ preparation of the JSC-Energo and the RDA – affiliates of UES SO-CDA, PLC for the function transfer. <p>June 1, 2003. The majority of the JSC-Energo summed up the results of the competitive selection of the companies for the independent market value appraisal of the JSC-Energo real and personal estate rent for leasing it to the UES SO-CDA, PLC.</p> <p>June 9, 2003. The RAO UESR Property Committee session was held and discussed the issue of property leasing to UES SO-CDA, PLC. The committee considered and approved the essential terms of the real and personal estate leasing contract, the essential forms of the leasing contract.</p> <p>June 10 , 2003. The UES SO-CDA, PLC held a conference for the RDA-affiliates directors on RDA functioning peculiarities under UES SO-CDA. The activities schedules, concerning the RDA establishment and registration, legal, personnel and other questions were discussed at the conference, as well.</p> <p>November-December 2002. 3 JSC-Energo transferred the operation and dispatch control</p>	<p>July 1, 2003. 2 JSC-Energo transferred the operation and dispatch control functions to the RDA – affiliates of UES SO-CDA, PLC.</p> <p>July 2, 2003. 27 JSC-Energo transferred the operation and dispatch control functions to the RDA – affiliates of UES SO-CDA, PLC.</p> <p>December 17-19, 2003. The UES SO-CDA, PLC representatives held conferences with the ES administration of the Pskov and Novgorod regions on the problems of the RDA restructuring. The operation and dispatch control functions are to be transferred by April 1, 2004.</p> <p>As of December 30, 2003. 60 JSC-Energo transferred the operation and dispatch control functions to UES SO-CDA, PLC.</p>
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functions to the RDA – affiliates of UES SO-CDA, PLC.	
April 1, 2003. 10 JSC-Energo transferred the operation and dispatch control functions to the RDA – affiliates of UES SO-CDA, PLC.	

Information on the transfer of RDA functions to all JSC-Energo companies

As of December 30, 2003

	JSC-Energo	Affiliates of UES SO-CDA, PLC	Function Transfer Date
UPG East			
1.	Amurenergo	Amur RDA	01.04.2003
2.	Dalenergo	Primorsk RDA	01.07.2003
3.	Khabarovskenergo	Khabarovsk RDA	01.08.2003
UPG Siberia			
4.	Altaienergo	Altai RDA	01.07.2003
5.	Buryatenergo	Buryatia RDA	01.07.2003
6.	Krasnoyarskenergo	Krasnoyarsk RDA	02.07.2003
7.	Kuzbassenergo	Kuzbass RDA	02.07.2003
8.	Pmskenergo	Omsk RDA	01.07.2003
9.	Tomskenergo	Tomsk RDA	01.07.2003
10.	Khakassenergo	Khakassia RDA	01.04.2003
11.	Chitaenergo	Chita RDA	01.07.2003
12.	Yakutskenergo	-	Not defined
13.	Novosibirskenergo	-	Not defined
UPG Urals			
14.	Kirovenergo	Kirov RDA	01.07.2003
15.	Kurganenergo	Kurgan RDA	01.07.2003
16.	Orenburgenergo	Orenbung RDA	01.04.2003
17.	Permenergo	Perm RDA	01.07.2003
18.	Sverdlovenegero	Sverdlovsk RDA	01.12.2002
19.	Tyumenenergo	Tyumen RDA	01.04.2003
20.	Udmurtenergo	Udmurtia RDA	01.07.2003
21.	Chelyabenergo	Chelyabinsk RDA	01.07.2003
22.	Bashkirenergo	-	Not defined
UPG Mid-Volga			
23.	Marienergo	Mari RDA	01.07.2003
24.	Mordovenergo	Mordovia RDA	01.07.2003
25.	Samaraenergo	Samara RDA	03.07.2003
26.	Saratovenergo	Saratov RDA	02.12.2003

27.	Penzaenergo	Penza RDA	01.04.2003
28.	Ulyanovskenergo	Ulyanovsk RDA	01.09.2003
29.	Chuvashenergo	Chuvashia RDA	01.04.2003
UPG Northern Caucasus			
30.	Dagenergo	Dagestan RDA	01.07.2003
31.	Ingushenergo	Sev. Kavkaz RDA	01.11.2003
32.	KabBalkenergo	Sev. Kavkaz RDA	01.11.2003
33.	Kalmenergo	Rostov RDA	01.11.2003
34.	Karachaevo-Cherkessenergo	Sev. Kavkaz RDA	01.11.2003
35.	Kubanenergo	Kuban RDA	01.04.2003
36.	Rostovenergo	Rostov RDA	01.10.2003
37.	Sevkavkazenergo	Sev. Kavkaz RDA	01.11.2003
38.	Stavropolenergo	Stavropol RDA	16.11.2002
39.	Nurenergo	-	Not defined
UPG Center			
40.	Astrakhanenergo	AstrakhanRDA	01.07.2003
41.	Belgorodenergo	Belgorod RDA	01.07.2003
42.	Bryanskenergo	Bryansk RDA	01.07.2003
43.	Vladimirenergo	Vladimir RDA	01.07.2003
44.	Volgogradenergo	Volgograd RDA	01.07.2003
45.	Vologdaenergo	Vologda RDA	01.07.2003
46.	Voronegenergo	Voroneg RDA	01.07.2003
47.	Ivenergo	Ivanovo RDA	01.07.2003
48.	Kalugaenergo	Kaluga RDA	01.07.2003
49.	Kostromaenergo	Kostroma RDA	01.07.2003
50.	Kurskenergo	Kursk RDA	01.04.2003
51.	Lipetskenergo	Lipetsk RDA	01.07.2003
52.	Mosenergo	Moskow RDA	20.12.2003
53.	Nizhnovenergo	Nig.Novgorod RDA	01.07.2003
54.	Orelenergo	Orel RDA	01.07.2003
55.	Ryazanenergo	Ryazan RDA	01.07.2003
56.	Smolenskenergo	Smolensk RDA	01.07.2003
57.	Tambovenergo	Tambov RDA	01.07.2003
58.	Yarenergo	Yaroslavl RDA	01.07.2003
59.	Tulenergo	Tula RDA	16.11.2002
60.	Tverenergo	Tver RDA	01.04.2003
UPG North-West			
61.	Arkhenenergo	Arkhangelsk RDA	01.07.2003
62.	Karelenenergo	Karelia RDA	01.04.2003
63.	Kolenergo	Kol. RDA	01.07.2003
64.	Komienergo	Komi RDA	Not defined
65.	Lenenergo	Leningrad RDA	02.09. 2003
66.	Novgorodenergo	-	Not defined
67.	Pskovenergo	-	Not defined
68.	Yantarenergo	-	Not defined

Separate power grids (transfer of the operation and dispatch control functions will take place according to the special RDA establishment schemes, approved by the RAO UESR RDA):

- Kamchatenergo
- Magadanenergo

- Sahalinenergo
- Taimyrenenergo
- Chukotskenergo (AJSC) Magadanenergo)

Power grids, not belonging to the RAO UESR holding and thus requiring special consideration:

- Irkutskenergo
- Tatenergo

The deadline is given in yellow.

RESTRUCTURING OF JSC-ENERGO COMPANIES WITH REGARD TO THEIR SPLIT-OFF AS REPAIR UNITS.

RESULTS

<p>May 22, 2003 The RAO UESR established a Project Group for restructuring the Repair Activities and organization of the Repair Service Market.</p>	<p>October 31, 2003. The RAO UESR Board of Directors addressed the issue “On the decision making procedure, concerning the reduction of the Repair units affiliation level with regard to JSC-Energo and JSC-Power plants.”</p>
<p>May 31, 2003. The Project Group for Restructuring the Repair Activity and Organization of the Repair Service Market under RAO UESR developed a scheme for splitting-off the Repair and Service units at all JSC-Energo.</p>	<p>The Board of Directors acknowledged the possibility of selling all Repair and Service affiliates’ shares, owned by JSC-Energo and JSC-Power plants, to the purchasers, not affiliated to RAO UESR or its subsidiaries, or establishing on their base integrated companies</p>

<p>August 1, 2003. The RAO UESR Board of Directors decided to reduce the affiliation level for repair companies with regard to JSC-Energo, JSC-Power Plants and RAO UES of Russia. The Board of Directors approved 3 schemes for the reduction of the Repair and Service units affiliation level with regard to RAO UES of Russia and JSC-Energo. The first scheme implies the Repair units splitting off and selling their shares, owned by RAO UESR. The second scheme specifies the Repair and Service units integration with energy equipment producing companies and independent repair or engineering companies. The third scheme stipulates the 100% selling of all JSC-Energo and JSC-power plants affiliates' shares. These schemes do not concern the companies, specializing in power grids repair, while they are to become units of the Distribution Grid Companies.</p>	<p>with the prospective selling of the shares owned by the JSC-Energo and JSC-Power plants before the 4th quarter of 2004.</p> <p>The RAO UESR Board of Directors considered as non-expedient the affiliation level reduction of the Repair and Service units at the Bureyskaya HEPP, Geoterm HEPP, Zaramagsk HEPPs, Zelenchuki HEPPs, Ingushenergo, Kolymaenergo, Nurenergo, Sulakenergo, Taimyrenenergo before 2005.</p> <p>It was considered non-expedient to reduce the affiliation level of the Repair and Service units at the Mosenergo, Tumenenergo, Lenenergo, Sverdlovenenergo, Kuzbassenergo, Samaraenergo, Permenergo, Chelyabenergo, Krasnoyarskenergo, Nizhnovenergo, Kamchatskenergo, Kurganenergo, Sahalinenergo, Ulyanovskenergo. The Board of Directors instructed the RAO UESR Management Board to discuss at the Board of Directors meeting the reduction of the Repair units affiliation level at these JSC-Energo before the 3d quarter of 2004.</p> <p>The Board of Directors also instructed Mr.V.P. Voronin , the RAO UESR Management Board Deputy Chairman, and Mr.A.N. Rappoport , the FGC UESR Management Board Chairman to present for approval the list of repair and service JSC-Energo affiliates, specializing in power grids repair, which do not need the reduction of the affiliation level.</p> <p>November 24, 2003. The RAO UESR Management Board for the first time made a decision on selling the Belgorodenergoremont, PLC shares according to the procedure, concerning the reduction of the Repair units affiliation level with regard to JSC-Energo and JSC-Power plants.</p>
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RESULTS

As of December 30, 2003 40 affiliates of different repair and service types of activity were established:

- Belgorodenergoremont
- Volgogradenergoserbis
- Volga HEPP: Hidroremont-Volga and Kama Cascade (VKC), Elektroremont-VKC, Turboremont-VKC

- Voronezhenergoremont, Voronezhenergoproekt
- Gusinoozersk SDPP:Transservis
- Dagennergoremstroy
- Dalenergospetsremont, Daltekhenergo, Dalenergosetproekt
- Zeysk HEPP:Remik
- Kirovenergoremont
- Kostroma SDPP: Kostroma SDPP DGC, Kostroma SDPP heat and underground service lines DGC, Kostroma SDPP Construction unit
- Krasnoyarskenergoremont, Krrasnoyarskenergospetsremont, Krasnoyarskenergostroy
- LUTEK:Primorenergoremont
- Novocherkassk SDPP: Novocherkassk power grid repair unit
- Orelenergoremont
- Orenburgenergostroyremont
- PermSDPP Energoremont, Perm SDPP Stroyremont, Perm SDPP Electroremont, PermSDPP Teploavtomatika
- Stavropolspetsenergoremont, Stavropolpromenergoremont
- Smolenskenergoremont
- Stavenergoremont
- Tambovenergospetsremont
- Tulenergoremont, Center of Production and Engineering
- Udmurtenergoremont (including the grid)
- Khabarovsk Production and Engineering Company, Khabarovsk Repair and Construction Company, Khabarovsk Repair and Assembling Company, Khabarovsk Energotechnological Company
- Chelyabenergoremont, Chelyabenergospetsremont
- Cherepetskaya SDPP:Tulenergoremont
- Production and Engineering Company, Mobile Repair Unit, Chitatchenergo
- Electroremont (Sverdlovenergo)
- Yarenergoremont

Information on the Scheduled Completion of Splitting-Off JSC-Energo Companies as Repair Units.

Time before completion	Date of completion	Number of JSC-Energo	JSC-Energo list
Common construction Power Repairs			
5-6 months	May, 2004	1	Kolenergo
up to 4 months	April-May, 2004	7	Altayenergo, Kurskenergo, Lenenergo, Yakutskenergo, Yantarenergo, Sahalinenergo, Ulyanovskenergo
up to 3 months	February, 2004	5	Magadanenergo, Kurganenergo, Samaraenergo, saratov energo, Tyumenenergo,
up to 2 months	February, 2004	2	Novgorodenergo, Kuzbassenergo
up to 2 months	January, 2004	4	Arkhenenergo, Komienergo, Kirovenergo, Buryatenergo
Totally in 2004 - 28 JSC-Energo			
up to 1 month	December 2003 – January 2004	5	Kostromaenergo, Orenburgenergo, Omskenergo, Ryazanenergo, Chuvashenergo
Totally in 2003 - 11 JSC-Energo			
The split-off is completed		32	Amurenergo, Astrakhanenergo, Dalenergo, Dagenegero, Ivanenergo, Kamchatskenergo, Krasnoyab, Belgorodenergo, Bryanskenergo, Vladimirenergo, Voronezhenergo, Volgogradenergo, Vologdaenergo, Lipetskenergo, Nignovenergo, Orelenergo, Marienergo, Tambovenergo, Tverenergo, Tulenergo, Rostovenergo, Karelenergo, Penzaenergo, Stavropolenergo, Smolenskenergo, Mordovenergo, Chitaenergo, Khabarovskenergo, Khakassenergo, Yarenergo
The split-off is not planned		9	Taimyrenegero, Kalmenergo, Kolymaenergo, Ingushenergo, Kalugaenergo, Pskovenergo, Kabbalkenergo, Karachayevo-Cherkessenergo, Sevkavkazenergo
The time is not established due to the peculiarities of the repair unit split-off process		5	Mosenergo, Permenergo, Tomskenergo, Kubanenergo, Sverdlovskenergo
The total number of JSC-Energo - 70			
Power Grid Repairs			
6-8 months	June, 2004	10	Omskenergo, Smolenskenergo, Kolenergo, Lenenergo Rostovenergo, Samaraenergo, Saratovenergo, Ulyanovskenergo, Permenergo, Komienergo
4-8 months	June, 2004	18	Altayenergo, Dalenergo, Buryatenergo,

			Astrakhanenergo, Kurskenergo, Nivgorogenergo, Nignovenergo, Krasnoyarskenergo, Orenburgenergo, Chelyabenergo, Chuvashenergo, Khakasenergo, Khabarovskenergo, Yantarenergo, Sevkavkazenergo, Kabbalkenergo, Karachayevo-Cherkessenergo, Stavropolenergo
Up to 3 months	January, 2004	18	Magadanenergo, Kurganenergo, Yarenergo, Tyumenenergo, Kalugaenergo, Marienergo, Arkhenergo, Voroneggenergo, Volgogradenergo, Ryazanenergo, Kuzbassenergo, Tverenergo, Vladimirenergo, Vologdaenergo, Ivenergo, Karelenegergo, Kirovenergo, Kostromaenergo
The split-off is completed		12	Amurenergo, Dagenergo, Penzaenergo, Udmurtenergo, Bryanskenergo, Orelenergo, Tulenergo, Tambovenergo, Mordovenergo, Belgorodenergo, Lipetskenergo, Chitaenergo
The time is not established due to the peculiarities of the repair unit split-off process		4	Mosenergo, Tomskenergo, Kubanenergo, Sverdlovskenergo
The split-off is not planned		8	Taimyrenegergo, Kolymaenergo, Yakutskenergo, Sakhalinenergo, Pskovenergo, Kamchatskenergo, Ingushenergo, Kalmenergo
The total number of JSC-Energo for 2004 - 70			
JSC Power Plants			
Up to 7 months	July, 2004	1	Kirishi SDPP
Up to 5 months	March, 2004	2	Konakovo SDPP, Kharanarsk SDPP
Up to 2 months	January, 2004	3	Ryazan SDPP, Pechora SDPP, Pskov SDPP
The split-off is completed		15	Berezovskaya SDPP, Volga HEPP (Zhigulevsk), Volga HEPP (Volghski), Votkinskaya HEPP, Gusinoozersk SDPP, Zeysk HEPP, LUTEK, Kama HEPP, Upper Volga HEPP Cascade, Kostroma SDPP, Nevinnomyssk SDPP, Novocherkassk SDPP, Sayano-Shushenskaya HEPP, Cherepetskaya SDPP.
The split-off is not planned		11	Biysk HPP – 1, Bureysk HEPP, Zelenchuki HEPP, Kabbalk HEPP, Kaliningrad HPP, Krasnoyarsk SDPP, Kuban SDPP, Noglikskaya HEPP, North-West HPP, Sulakenergo, Tshkinsk SGU
The total number of plants - 32			