

ANNUAL REPORT



2005

MOSENERGO



MOSENERGO

**ANNUAL REPORT
2005**

TOWARDS LIGHT, WARMTH AND FRIENDLY ENVIRONMENT


Approved by
The Board of Directors
Minutes № 21
of April, 2006

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Legend:

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 see the indicated page of MOSENERGO web-site at www.mosenergo.ru

www.mosenergo.ru

Internet version of the Annual Report is placed in "To Our Shareholders and Investors" section of the web-site

MOSENERGO'S MISSION

MOSENERGO's mission consists in providing consumers with electrical and thermal power generated using resource-saving advanced technologies and equipment that meets the highest standards, and in securing a fair income to the shareholders of the Company

MOSENERGO's Strategic Objective

To come through the process of restructuring of the Russia's energy sector as a leader at the energy market of the Moscow area, to rank quoteworthy at the wholesale electricity market of Russia, and to increase shareholders' equity (to attain the highest economic and social benefits)

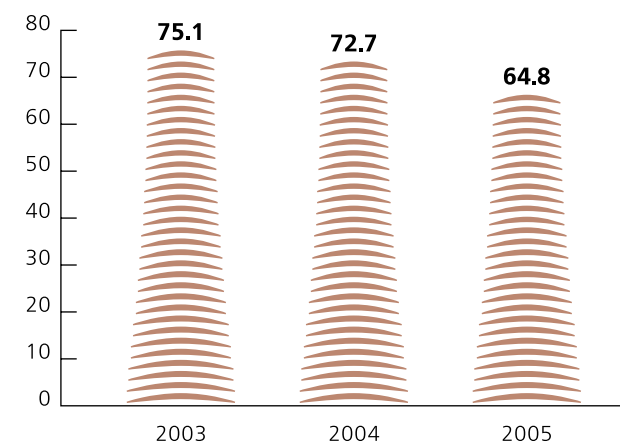
MOSENERGO Numerically

Key performans indicators	2003	2004	2005*
Installed electrical capacity, MW	14,778.8	14,801.1	10,611.1
Electricity generation, kWh bln	75.1	72.7	64.8
Installed thermal capacity, Gcal/h	34,880.3	34,917.3	34,174.0
Heat generation, Gcal mln	73.3	70.5	70.7
Payroll, pers	47,596	46,949	18,951
Basic financial and economic indicators	2003	2004	2005*
Proceeds from sales of products, RUR mln	69,605.0	89,341.0	71,010.1
Profit on sales, RUR mln	6,643.2	13,599.5	7,834.1
Net profit, RUR mln	1,731.0	2,207.7	2,081.9
Balance sheet total, RUR mln	126,674.9	132,047.3	54,526.9
Shareholders' equity, RUR mln	104,452.4	105,979.9	38,618.4
Accrued dividends, RUR mln	613.1	624.3	454.0
Sales margin, %	9.5	15.2	11.0
Earnings per share, RUR mln	0.061	0.078	0.074

* data calculated for the 1st quarter are accounted for MOSENERGO consisting of 61 branches; from April 1, 2005, the accountable figures of post-restructured MOSENERGO are added to the data calculated as a progressive total.

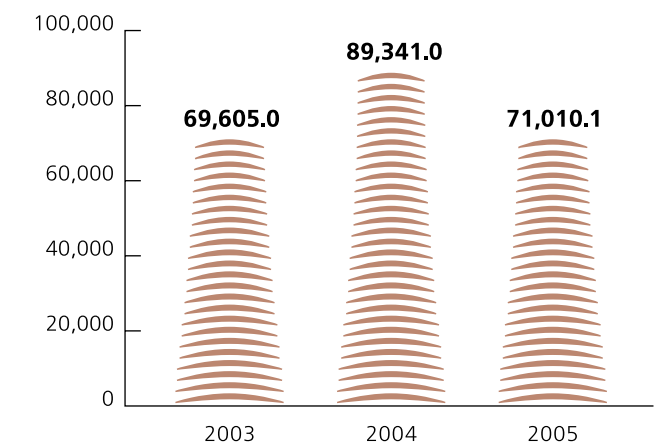
Electricity generation

kWh bln



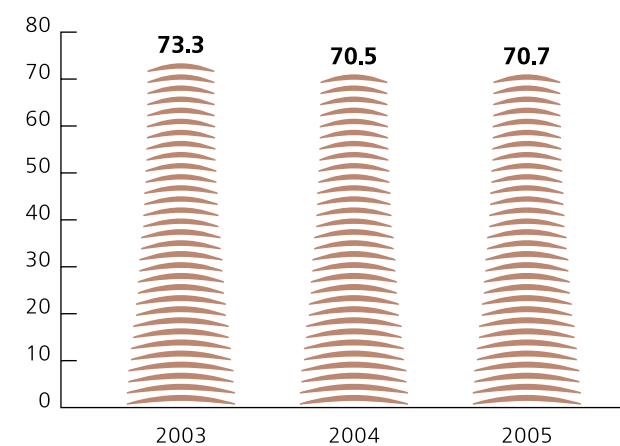
Proceeds from sales of products

RUR mln



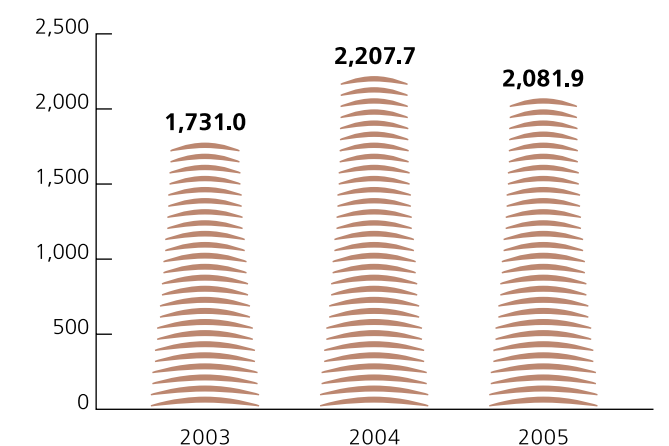
Heat generation

Gcal mln



Net profit

RUR mln



ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear shareholders,

MOSENERGO together with other subsidiaries of RAO UES of Russia takes an active part in restructuring of the Russian electric power industry setting down reliable operation of power plants equipment and proper discharge of electricity and heat supply contracts as its priorities.

In the course of restructuring, monopolistic and competitive businesses split up forming independent specialized energy companies. April 1, 2005, saw several electricity distribution companies, a heat distribution company and an energy supply company spun off from MOSENERGO. Four joint stock companies were established using the facilities of power plants for subsequent integration into wholesale generators.

In the past year, MOSENERGO took off as a territorial generation company TGC-3.

Restructuring of the Moscow power system resulted, in particular, in gradual building up of the energy market infrastructure and development of the energy sales business in the Moscow area.

The Board of Directors of MOSENERGO in 2005 looked after the interests of the Company shareholders, defined the development priorities for the current period, and designated targets in the Company's activities in the long run. During the period under report, the Board of Directors held 40 meetings and discussed over 100 issues thereat.

As elected by shareholders on June 28, 2005, the Board of Directors includes representatives of RAO UES of Russia, Moscow and Moscow Region Governments, minority shareholders, as well as MOSENERGO managers. Seven of the thirteen members of the Board of Directors are independent

directors. Such composition of the Board of Directors helped to tackle paramount tasks of the Company's operation with a view to securing the interests of all shareholder groups.

The area of especial importance for MOSENERGO is safeguarding the rights of the Company shareholders, and that was evidenced by the fact that shares of the Company spin-offs were allocated amongst them on a pro rata basis.

Supervision of the shareholders' representatives over the financial and economic activities of the Company is also provided by the Audit Committee at the Board of Directors of MOSENERGO.

With a view to protecting the rights and legal interests of shareholders and persons making transactions with MOSENERGO securities, ensuring economic security of the Company and supervision of financial and business operations on the part of the Company's management bodies, as well as in compliance with the requirements of stock exchange markets the Board of Directors caused to work out and approved regulations for MOSENERGO's internal control and MOSENERGO's insider information.

Early in 2005, the points of first priority in the work of the Board of Directors of MOSENERGO were the issues of the Company restructuring: February 28 saw general meetings of shareholders of the spin-off companies held to approve the Charter, to elect the General Director, members of the Board of Directors and the Audit Commission of each of the formed companies. In April, the spin-offs were registered by the state authorities.

Though the Company operated in its new capacity only about six months in 2005, the Board of Directors worked out new approaches to the Company's further development.

The major decisions made by the Board of Directors throughout the second half of the year concerned MOSENERGO's development for 2006 to 2010 based on the Company's own generation in the Moscow area, which is the most reliable and economically sound way of energy supply in view of a growing electric demand in Moscow and the Moscow Region. It was decided that the Company's long-term investment program for 2006 to 2010 be approved and implemented.

The Board of Directors also approved an integrated procurement management program of the Company for 2005 and decided to approve target values of key performance indicators for 2005 and the Company's standards for business planning.

The main focus was on the preparation of the Company for fall and winter load peaks in 2005/2006.

The decision was made to develop a Program for production cost management, optimization of the amount and structure of the borrowed assets, reduction of the Company's receivables and payables.

In October, an election was held to the Human Resources and Remuneration Committee of MOSENERGO's Board of Directors as a part of the efforts to increase the shareholders' involvement in decision-making.

In November, the Board approved the Regulation on the Reliability Committee under the Board of Directors.

In mid-December, 2005, the meeting of the Board of Directors decided to issue MOSENERGO bonds and approved the decisions on securities issue and the Offering Prospectus. Pursuant to the decision made, JSB Gazprombank (CJSC) will sponsor the issue.

There are plans for public offering of two issues of interest-bearing bonds totaling RUR 10 billion to replace short-term credits with high service cost.

Successful operation of MOSENERGO helped to improve its attractiveness to investors, ramped up quotations of MOSENERGO shares, which in the past year were treated as Russian blue chips. Though electrical and heating grids are no longer among the Company's assets, the market price of MOSENERGO shares was down by only 5.08% against 2004 and stood at USD 0.14 as of the end of the year.

To summarize the work done by MOSENERGO's Board of Directors, it can be stated that its decisions on such issues as strategic lines of activities and day-to-day management of the Company proved effective.

I am sure that now the Company has good reason to be self-confident and optimistic about its future.

Chairman of the Board of Directors

Yu.A. Udaltsov

ADDRESS BY THE CHAIRMAN OF THE EXECUTIVE BOARD



Dear shareholders,

Hereby we present a report on MOSENERGO performance in 2005. The past year inaugurated sweeping changes: a number of businesses spun off from MOSENERGO in the context of the restructuring process.

The Company's core businesses nowadays are production of electricity and heat and sales of heat.

Operating as a generation company, MOSENERGO dealt successfully with its primary task – reliable operation of all power plants to meet the Moscow's and Moscow Region's electricity and heat demand.

In line with its strategic priorities in 2005, MOSENERGO renovated the technical facilities, pursued investment and maintenance programs, trained and retrained its personnel, dealt with social issues, perfected methods and forms of corporate governance, continued with the Company restructuring.

The Company maintains strong positions in the sphere of sales of electricity and heat. Energy sales in 2005 totaled RUR 71 billion with the net profit scoring RUR 2.1 billion.

In 2005, all scheduled works in preparation for the heating season were completed exactly as scheduled. In early November, MOSENERGO received the Certificate of Preparedness for operation during the fall and winter seasons from RAO UES of Russia. This document bespoke of a high level of the energy company preparation: it had stockpiled sufficient fuel, conducted the needed scope of repairs.

Successful completion of the repair program provided reliable performance of MOSENERGO through the period of fall/winter peak loads. In particular, in January 2006, under

conditions of arctic weather and record-breaking loads highly skilled specialists of the Company allowed no interruption in supplying the Moscow area with light and heat.

Moscow and the Moscow Region today develop dynamically. The metropolitan area's demand for heat and electricity grows. Undercapacity of the backbone 220 kV electricity grids and 110 kV distribution grids of the Moscow Ring and run-down equipment of the electricity grids became the major premises for the blackout of May 25, 2005. The accident that had led to load shedding in a number of power systems of the UES of the Center emphasized a timely resolution of the issues of technical retooling and retrofitting of the existing capacities.

MOSENERGO specialists have launched an investment program for years 2006 through 2010. The priority is given to cost-effective state-of-the-art technologies.

Within the framework of the program, the Executive Board and the Board of Directors adopted a resolution on construction of CCP-based generation facilities at TEPs Nos. 21, 26 and 27 to be commissioned in 2008-2010. On the eve of 2006, the Company commenced construction of a new power unit at TEP-27.

Implementation of a large-scale Company development program requires mobilization of all internal reserves, as well as additional funds and resources. Due to this, we, as before, continued our efforts to access targeted Russian and international investors. December 2005 saw an agreement signed with the European Bank for Reconstruction and Development. The Company obtains a long-term credit in the amount of USD 250 million. The money will be channeled to technical upgrading and renovation, which is to say to improve operational reliability of the equipment.

By 2010, the Company is planned to increase its capacities considerably – by approximately 2 thousand MW. This will allow to meet the growing electricity demand of the metropolitan area. The Company's economic potential and capitalization will rise simultaneously.

MOSENERGO acknowledges its adherence to the motto, "Towards light, warmth, and friendly environment!", which represents our concern for people. This day, electric power plants integrated with MOSENERGO make up the largest Moscow producer. It is important to note that all businesses of the Company comply with the environmental standards. Moreover, the level of harmful emissions of most of them is several times below the permissible rates. Combined-cycle plants that we are going to erect in the years immediately ahead provide substantial fuel saving and are more environmentally friendly than steam power plants. In that way, MOSENERGO takes care not only of reliable supply of Muscovites with electricity and heat, but also of the ecology of the entire city.

Traditionally, one of the major corporate priorities is social sphere. This year we renovated the building of the Non-profit Medical Establishment "Medsanchast MOSENERGO". The

polyclinic was furnished with up-to-date equipment and staffed with experienced specialists. Our employees have an opportunity to rest in MOSENERGO's vacation hotel by the Black Sea, and their children to visit recreational camps.

An important section of MOSENERGO's social policy is educational programs. It is logical: the present-day electric power industry calls for deep professional knowledge. Today, the Company maintains such non-profit educational institutions as the Personnel Training Center and MOSENERGO College. The Personnel Training Center practises the latest instructional methods, and develops cooperation with training centers in Germany, France, and Spain.

We are sure that stable development of the Company is only possible subject to safeguarding the rights and interests of all shareholders and investors, that is why we make the principles of public awareness and transparency the basis for our relations with them. MOSENERGO conforms to all requirements of the Russian Federation laws imposed thereon as on an issuer.

We have new goals and new objectives before us. Our work is on-demand, and we will do our best to give people light and heat in the proper sense of the word.

Chairman of the Executive Board

A.Ya. Kopsov

The year 2005. EVENTS AND FACTS

January

New tariffs for electricity and heat for the Moscow and Moscow Region consumers were put into practice as from January 1, 2005.¹ Under the resolutions of the Regional Energy Commission of Moscow and the Energy Committee of the Moscow Region, the tariffs in Moscow rose 12.2% for electricity and 16.6% for heat, and in the Moscow Region – 14.2% and 22.9%, respectively.²

February

The town of Dzerzhinsky situated near Moscow hosted general meetings of shareholders of all new joint stock companies established by way of spin off from MOSENERGO in the course of the Company reorganization.

The shareholders elected members of the Boards of Directors and members of the Audit Commissions for the 13 emerging companies. All meetings of shareholders approved the proposed Charters of the companies by a majority of votes.

April

MOSENERGO reviewed the “Best Consumer 2004” contest. The “Best Consumer 2004” diplomas were awarded to the companies who strictly observe the energy supply contracts.

May

May 25 saw a blackout that affected all energy companies of the Moscow area and a number of energy companies comprising the UES of the Center.

Exhaustion of the power transmission capacity and run-down equipment of the electricity grids became the major premises for the outage.

Professional actions of MOSENERGO’s personnel and operation of the automatic protective devices in the course of the accident development staved off massive physical destruction of the power equipment. This posed the key factor of fast post-accident clean-up and resumption of energy supply to the consumers.

The accident progression was brought to stop upon expiration of 2 hours 20 minutes. By 6 p.m. all socially important Moscow facilities on the Moscow Government’s list had been connected. On May 26 at noon, UES SO-CDU lifted all operating restrictions on power supply service for the consumers, and by 6:30 p.m. on the same day full power supply for the Moscow and Moscow Region consumers have been restored.

June

On June 4, Arkady Yevstafiev, MOSENERGO’s General Director, filed resignation.

MOSENERGO’s Deputy General Director Vladimir Chistyakov was appointed as the Acting General Director of MOSENERGO.

On June 10, the Board of Directors of MOSENERGO appointed A.Ya. Kopsov, Director for Construction of Generation Facilities, RAO UES of Russia, Member of the Board of Directors, MOSENERGO, as the General Director of the energy company. From 1996 through 2004, A.Ya. Kopsov served as the Chairman of the Board of Directors of MOSENERGO.

On June 28, the Annual General Meeting of MOSENERGO’s Shareholders was held to discuss the Company’s performance in 2004.³

July

MOSENERGO’s TEP-25 deployed a new sludge dewatering facility with chamber-type filter presses as a substitute for filterbelt sludge presses, which improves environmental and performance measures of the station. The facility is capable of processing over 12 cubic meters of sludge per day with all processes being fully automated.

TEP-22 commenced installation of a rotary stacker/scooper which is capable of dumping coal from railway vehicles in a relatively short time. Its advantage in the quality and speed of operation over transfer cranes employed up to quite a recent time offers a substantial unloading cost reduction.

A joint conference of MOSENERGO and OAO Moscow Region Electricity Network Company was held to discuss improvement of reliability of energy supplies for the Moscow area. The conference saw the presentation of the “Scheme of Energy Supplies for Moscow and the Moscow Region for the Period Leading up to 2020” developed by the Mosenergoprojekt institute, and the “Program for Construction and Technical Retooling of the Moscow Power Center for the Period of 2006-2010.”

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 2 p. 62
 3 p. 114

August

In connection with a trifling volume of trading in MOSENERGO shares, the Chairman of the Executive Board of RTS Stock Exchange by its resolution and at the Company’s request excluded MOSENERGO ordinary registered shares from quotation list “B” and listed them in the “Unquoted Securities” section.

This decision is of a technical nature and by no means affects the interests of MOSENERGO’s shareholders. Presently, MOSENERGO shares meet the requirements established for securities included in NP RTS Stock Exchange’s and ZAO Moscow Interbank Currency Exchange’s quotation list “A”, level 1, and are traded at the mentioned stock markets.¹

October

The Company summed up the results of a contest for nomination of a financial consultant and an arranger of a RUR 10 billion bonded loan to MOSENERGO, the issue of which is scheduled for the first quarter of 2006.

Otkrytie Brokerage House was selected as a financial consultant for the bond issue. Recognized as the preferred lead arranger is JSB Gazprombank (CJSC).

The Moscow Energy Institute hosted the 2d International Academic and Practical Conference and the specialized exhibition Ecology in the Power Engineering – 2005.

Following the exhibition and the conference, MOSENERGO received certificates “For Active Participation in Promotion of Present-day Developments in the Field of the Power Engineering Ecology and Actual Contribution to the Environment Protection” and “For the Comprehensive Approach to Tackling Power Plants-related Environmental Problems”.

 1 p. 25
 2 p. 24

November

MOSENERGO branches received the Certificates of Preparedness. The results of a joint effort of the RAO UES commission, the Russian Federal Environmental, Engineering and Nuclear Supervision Agency (Rostekhnadzor) and EMERCOM Russia attested to a high level of technical preparedness of all 17 MOSENERGO power plants for fall/winter peak loads.

MOSENERGO received the “Leader in Environmental Action” certificate at the All-Russian Conference “New National Ecological Policy in the Real Sector of the Economy”.

December

A.Ya. Kopsov, MOSENERGO’s General Director, and D.V. Vasiliev, First Deputy General Director for Strategy and Corporate Policies, held a press-conference dedicated to presentation of the Program for Development and Technical Retooling of the Moscow Area Energy System to be implemented in 2006 through 2020.

The annual report to MOSENERGO’s shareholders for 2004 was awarded the prize at the annual competition Best Annual Reports of Russian Companies organized by the rating agency Expert RA.

On December 22, builders began to lay the foundation of the main building of MOSENERGO’s first 450 MW combined-cycle plant (CCP-450) at TEP-27.

MOSENERGO’s Board of Directors supported the decision on bond issue totaling RUR 10 billion.² The Company is planning public offering of two issues, each having five million bonds with a par value of one thousand rubles, at the MICEX Stock Exchange. The maturity term of the bonds is 1820 days for the first issue, and 3640 days for the second issue, as from the date of placement thereof.

On December 23, A.Ya. Kopsov, MOSENERGO’s General Director, and P. Reiniger, Director of the EBRD business group, signed a credit agreement for about USD 250 million in ruble equivalent of RUR 7.2 billion to finance the Program for Development and Technical Retooling of the Moscow Energy System.

MOSENERGO TODAY

In 2005, MOSENERGO passed through a complex restructuring procedure.

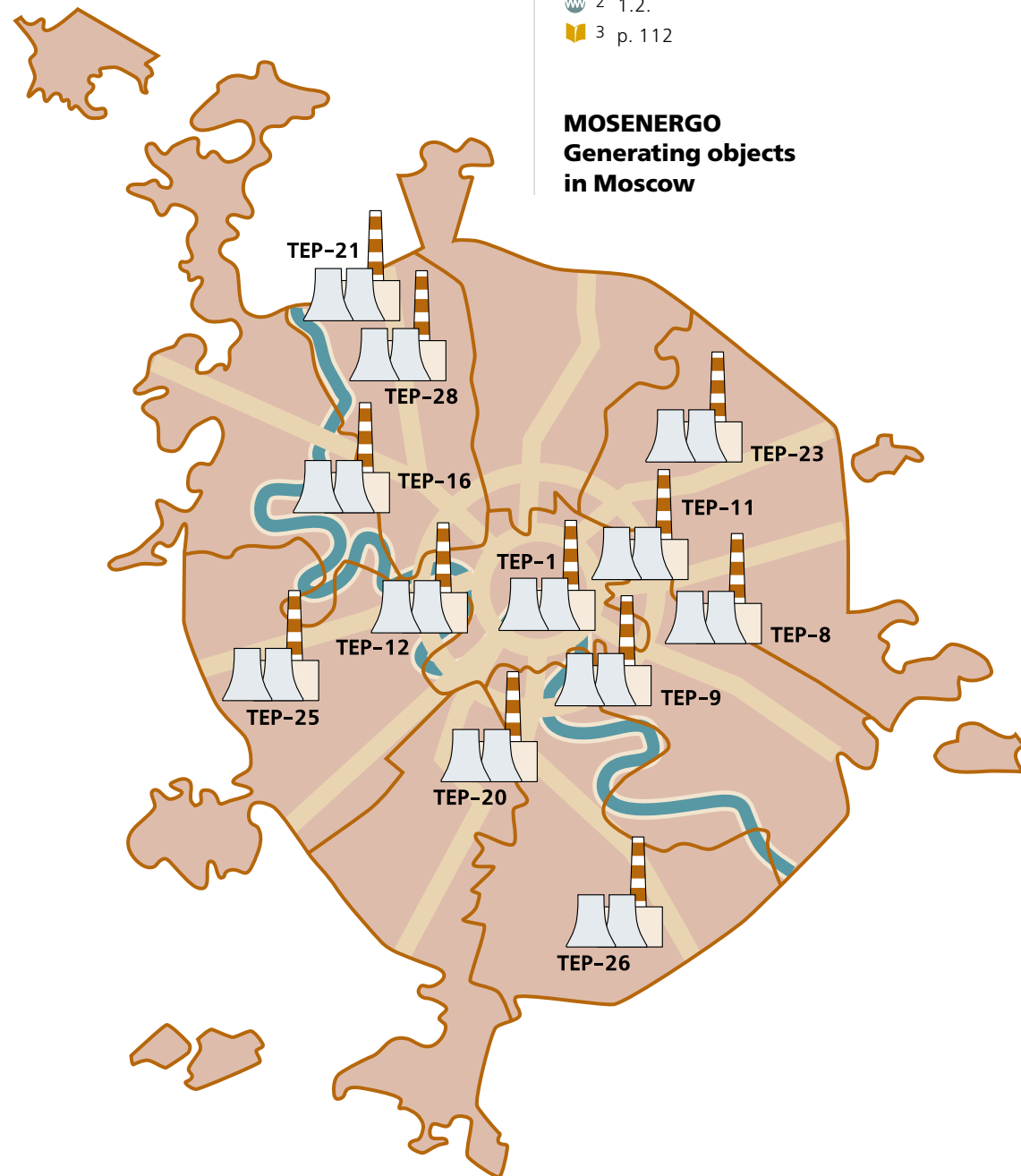
As from April 1, 13 entities, each carrying on its own business, spun off from vertically integrated MOSENERGO.¹

After splitting up MOSENERGO remains the largest regional energy supplier of the Russian Federation. Being a RAO UESR's subsidiary, MOSENERGO is essentially an indispensable integral part of the Unified Energy System of Russia.²

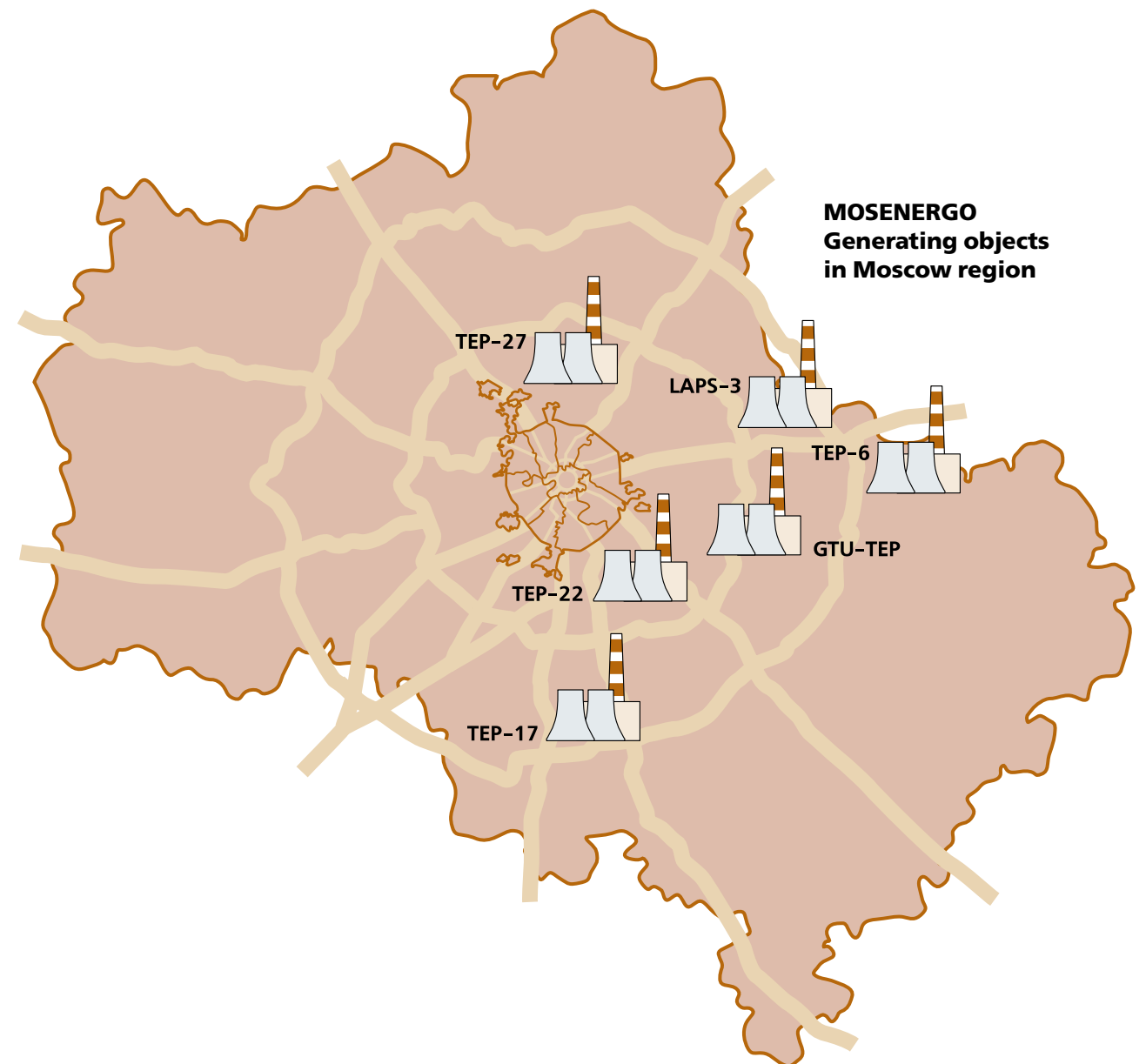
The Company's power system is essentially a complex of 17 thermal power plants generating energy and power, having a common operation mode and relying on a shared capacity reserve and a centralized operational and dispatching control system. The Company's installed electrical capacity totals 10.6 thousand MW, the installed heat capacity is 34.2 thousand Gcal/h (39.8 thousand MW).³

- 1 p. 35
- 2 1.2.
- 3 p. 112

**MOSENERGO
Generating objects
in Moscow**



**MOSENERGO
Generating objects
in Moscow region**



Along with the power plants, the power utility's operation is supported by 15 branches – Energosbyt, IT Center, Energosvyaz, factories, design, maintenance, setup and other branches.

MOSENERGO's thermal plants operate 112 turbines (104 cogeneration turbines, 6 gas-turbine units, and 2 expansion generating units), 117 power boilers and 115 peak water heaters.

The scope of MOSENERGO activities extends to electric energy and power generation and its supply to the wholesale market and ultimate consumers through OAO Mosenergosbyt, heat generation, sales of heat for ultimate consumers of Moscow and the Moscow Region, including by way of heat transmission via OAO Moscow Heating Network Company's grids.



1 MACROECONOMIC AND SECTOR ENVIRONMENT



1.1. MOSENERGO in the Country, Region, and Industry

According to the Federal State Statistic Service (Rosstat), Russia's GDP edged up 6.4% in 2005 versus the estimated 5.9%.

Such sectors as services, construction and commerce with the growth rate of 10% to 16% became the major contributors to the GDP increase. Production output in industry rose by 4.0% year on year. In 2005, electricity generation in Russia came up 2.2%, and electricity consumption increased by 1.7%.

Last year, inflation in Russia ran at 10.9% with the budget target being 11%. Prices climbed 13.4% in key industries and 12.6% in the electric power industry.

Real incomes of the Russian population (inflation-adjusted) at the year-end of 2005 were 8.3% up against 2004, including a 9.7% increase in salaries and a 9.3% rise in pensions.

The results for Russia's economy of the year 2005 show that it is attracting more and more investments. The total volume of direct foreign investments in the Russian economy doubled in 2005 to USD 26.1 billion compared with USD 12.5 billion in 2004. Capital investments in 2005 overshot the mark of 2004 by 10.5%.

A stable surplus has been secured in the public sector, and Russia is paying its external debts. At the turn of 2005, Standard&Poor's upgraded Russia's credit rating (financial system reliability index) with respect to its foreign currency liabilities to the BBB investment level, and as for its national currency liabilities, to BBB+. Its rating fluctuation prospects are considered as Stable.

The city of Moscow and the Moscow Region are two independent constituent members of the Russian Federation. Together they form the Moscow metropolitan area.

Moscow – the capital of Russia – is the largest in the country and one of the most important in the world political, financial, industrial, transportational, scientific and cultural center.

The Moscow area is 1.08 thousand sq. km, and the population 10.4 million people.

In 2005, the gross regional output of Moscow increased by 8.8%, industrial production – by 20%, and the volume of capital investments – by 2%. As compared with 2004, the salary level in the capital run up 22%.

The inflation rate in Moscow in 2005 scored 10.4%, which is 0.5 percentage point below Russia's average.

The Moscow Region (net of Moscow) occupies 46 thousand sq. km with the population being 6.6 million people.

According to the Territorial Agency of the Federal State Statistics Service for the Moscow Region, the Moscow Region in 2005 kept up the fast pace of development. The gross regional output in 2005 came up 12%. The growth of industrial output accounted for almost 30%, and that is higher than in Moscow. At the same time, the inflation rate in the Moscow Region in 2005 reached 11.3%, 0.9% above the level of the capital and 0.4% Russia's average.

By the industrial output, the Moscow Region is the second-best after Moscow among the Russian Federation regions. The Moscow Region actively ramps up the volumes of housing and industrial construction and development of social assets. The regional target programs worked out by the Moscow Region Government and aimed to rally the industry, to develop infrastructure and the social sphere come out successfully.

By supplying energy to the Moscow area, MOSENERGO provides for stable functioning and sustained development of its economy and social sphere.

In 2005, electricity consumption in the area increased to 85.2 billion kWh, up 3.4% year on year and 15% as compared with the level of 1990.¹

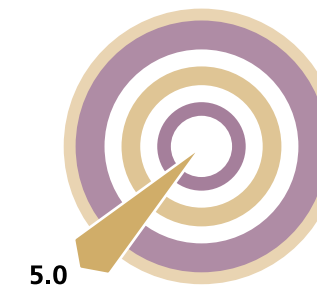
MOSENERGO's generation provides for 72% of electricity consumption in the Moscow area and around 70% of heat consumed in Moscow.

MOSENERGO's Weight in Gross Russia's Electricity Generation in 2005, %



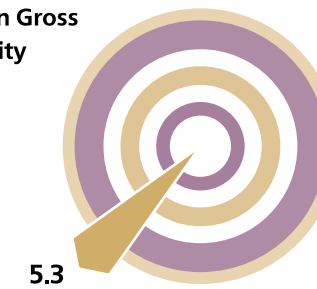
¹ p. 44

MOSENERGO's Weight in Gross Russia's Heat Generation in 2005, %



The Company generates about 6.8 % of electricity and 5.0% of heat of Russia's yield (including nuclear power plants), and 9.7% of electricity and 15.5% of heat of RAO UESR's output with MOSENERGO's installed electrical capacity being around 5.3% of Russia's electrical capacity and 7.4% of RAO UESR's installed capacity.

MOSENERGO's Weight in Gross Russia's Electrical Capacity in 2005, %



In the installed (including thermal) capacity, MOSENERGO surpasses all territorial and wholesale generating companies of Russia.

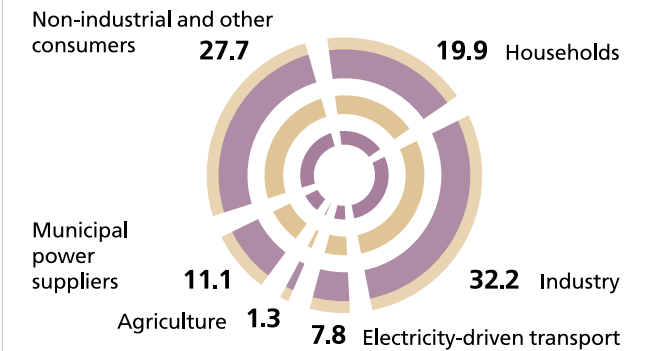
While overall RAO UESR's electricity generation in 2005 rose by approximately 2.1%, MOSENERGO's indicator showed a 2.5% growth versus 2004.

Per worker, electricity generation in RAO UESR at large is about 1.5 million kWh, while in MOSENERGO it is 3.4 million kWh, and the heat generation is 0.9 and 3.7 thousand Gcal, respectively.

1.2. Energy Market in the Moscow Area

In 2005, the Moscow area consumers consumed 4.5% of electricity more than in 2004. The power demand in Moscow had grown by 4.1%, and in the Moscow Region it increased by 4.8%.

Pattern of Electricity Consumption of the Moscow area in 2005, %

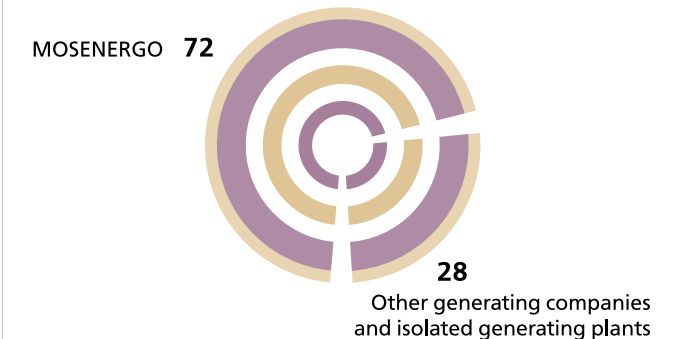


The contributors to the rise in electricity consumption are the following consumer groups:

- industrial and similar consumers – 9.3%;
- households and centers of population – 9.1%, including a 4.1% growth in Moscow, and 22.2% in the Moscow Region;
- non-industrial consumers – 3.4%.

MOSENERGO's generation provides for 72% of electricity consumption in the Moscow area, and the remaining 28% of the demand is covered by other generating companies and isolated generating plants.

MOSENERGO's share in the electricity market of the Moscow area in 2005, %



Under the terms of MOSENERGO restructuring, its function as an electricity supplier of the Moscow area retail customers had been delegated to OAO Mosenergosbyt beginning from April 1, 2005.

MOSENERGO generates electricity and sells it under a contract to OAO Mosenergosbyt to supply over 5.5 million Moscow area customers, including over 5.3 million residential subscribers, nearly 10.5 thousand industrial and 145 thousand non-industrial, service and other enterprises. 3.7 million consumers are concentrated in Moscow and 1.8 million consumers are in the Moscow Region.

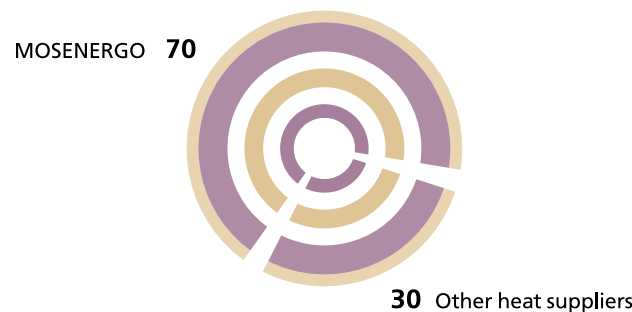
As an independent source of power supply in Moscow, private investors erect a GT/CHP plant for powering the Moscow-City International Business Center with the installed capacity reaching in perspective 252 MW, or 2.4% of MOSENERGO's electric capacity.

MOSENERGO covers the demand in heat energy of over 15.0 thousand subscribers of the Moscow area: over 14.8 thousand subscribers in Moscow, and 0.2 thousand subscribers in the Moscow Region.

Heat sales in Moscow go through Energosbyt, a MOSENERGO's branch, and ZAO Service Center for Energy Sales (TsOP-Energo), and in the Moscow Region, through LAPS-3, TEP-17, and OOO Orekhovoenergosbyt.

MOSENERGO supplies about 70% of heat consumed in Moscow. Another large heat supplier in Moscow is OAO Moscow Integrated Energy Company, Mosteploenergo Branch No. 2, accounting for approximately 30% of thermal power consumed in Moscow.

MOSENERGO's share in the electricity market of the Moscow area in 2005, %



1.3. Legislative Environment

MOSENERGO operates in conformity with the law of the Russian Federation, the RF President's Decrees, resolutions of the Russian Federation Government, regulations of ministries, federal services and agencies, management directives of RAO UES of Russia, MOSENERGO's Charter and local regulatory acts.

List of the basic documents, regulating activities of the power system, is on web-site www.mosenergo.ru.¹

MOSENERGO's activities are supervised by the following governmental authorities: Department of Industry and Energy of the Russian Federation (Federal Energy Agency), Ministry of Finance of the Russian Federation (Federal Tax Service) Federal Antimonopoly Service (FAS of Russia), Federal Service for Tariffs (FST of Russia), Federal Environmental, Engineering, and Nuclear Supervision Agency (Rostekhnadzor) and other bodies.

The most significant changes in the RF legislation on the electric power industry in 2005 include adoption of a number of orders by the Federal Service for Tariffs that affect the Company's operation:

- FST Russia's Order No. 22-e/5 of February 15, 2005, "On Approval of Guidelines for Determination of Charges for Connection to Power Grids";
- FST Russia's Order No. 275-e/4 of July 05, 2005, "On Approval of Guidelines for Indexation of Limiting (minimum and/or maximum) Levels of Tariffs and Tariffs for Products (services) of Organizations Conducting a Regulated Business";
- FST Russia's Order No. 320-e/1 of July 26, 2005, "On Approval of the Mode and Terms of Payment for Services in the Organization of Functioning and Development of the Unified Energy System of Russia".

However, in 2005, the FST of Russia failed to set the rate of connection fee, which gives rise to consumers' complaints to antimonopoly and judicial agencies against MOSENERGO actions with respect to subscribers connection to switchgear of MOSENERGO power plants.

¹ 1.6.

1.4. Risk Management

The risk management contemplates prevention of risks existing in the production and financial fields of MOSENERGO activities and minimization of their probable disamenities.

The Company abides by the Risk Management Regulation approved by the Board of Directors at the turn of 2004. The Regulation contains a Risk Map comprising primary kinds of risks that affect MOSENERGO's activities, and a risk management program.¹

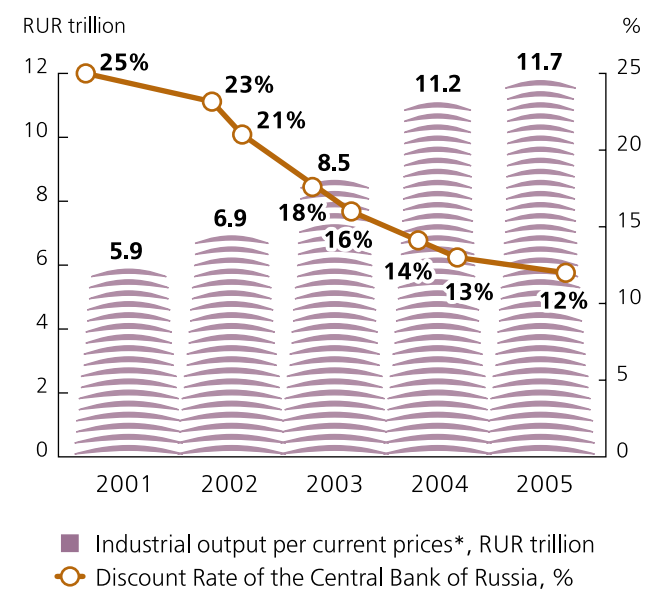
Political Risks

A definite reduction of **political risks** marked the year 2005 for Russia. At the present time, we can see a positive trend in upgrading international ratings of the Russian Federation.

An economic growth observed in Russia during the last few years that brought about improvement of the most key national measures mitigated the risk of economic downturn in Russia that could find expression in a growth of the Company's accounts receivable and, respectively, payables to suppliers and contractors.

For MOSENERGO, a fundamental risk is the **risk of unreasonable rate regulation** associated with a possibility of forced control or administered reduction of tariffs or approval of tariffs that may be inadequate to the Company's costs.

History of Industrial Production and Discount Rate of the Central Bank of Russia



* Source RF FSGS

The electric power industry reform that is currently underway contemplates tariff deceleration for the account of more effective capacity utilization and competition among generators at the wholesale electricity market. The larger is the slice of the free market segment, the stronger is its hold upon the tariffs. In 2006, the WEM changes to regulated long-term contracts, which will enable a more accurate mid-term forecast of the tariff level for generation companies and, accordingly, for consumers.

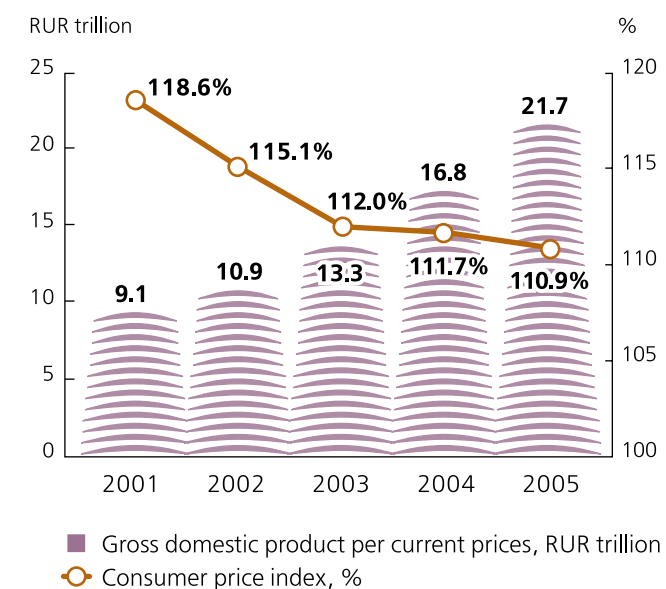
The Company experts are constantly working with the FST of Russia, Moscow REC and Moscow Region Energy Committee in order to approve economically sound level of tariffs.

Market Risks

The **risk of inflation** can cause MOSENERGO's cost escalation and result in a profit crunch. An escalation of inflation can also cause losses in the actual value of the Company's accounts receivable in case of a significant deferment of or delay in payment.

The inflation impact on the financial soundness of the Company is forecasted in its financial plans. To decrease inflation risks, MOSENERGO concludes long-term agreements for gas supply and transportation for power plants at a price fixed during the year.

History of Gross Domestic Product and Consumer Price Index in Russia*



¹ 1.7.

Risk of losses through an inadvertent change in exchange rates

Due to the fact that the Company sells its products in the domestic market, the Company's business is not directly exposed to fluctuations in the rates of foreign currency exchange. However existence of currency liabilities of the Company with respect to investment credits gives rise to financial risks attributable to dollar movements with respect to ruble. At the present time, they are not too high forasmuch as the share of exchange commitments in MOSENERGO's debt portfolio at the close of 2005 was about 16%.¹

With a view to mitigating the exchange risks, the Company elected Russian ruble as the currency of the new investment credit for 2006.

The Company is subject to **financial (interest-rate) risks** to the extent of an indirect influence of credit interest rate fluctuations on the Company's financial performance. This basically concerns settlements of long-term credits denominated in foreign currency (US dollars) at floating interest (LIBOR-based) rates.

The rates for short-term credits borrowed by the Company in 2005 held constant during the year in as much as the 13% to 12% reduction of the RF Central Bank refinancing rate came about only at the turn of 2005, on December 26.

With a view to minimize the financial risks incidental to foreign exchange movements, the Company forms a reserve fund² that is intended to cover losses and to meet contingencies, takes out insurance contracts to cover the borrower's assets, as well as executes contracts for securing credit commitments.

The liquidity risk is a probability of receiving a cash gap due to a cash deficit for extinction of obligations by the required date

Planning of and control over daily volumes of cash receipts and payments for the services rendered, as well as existence of a contingent loss reserve fund enable the Company to minimize the risk.

In 2005, in aid of the financial risk management during financing of the current industrial and economic activities, the Company launched a program for the bond issue.³

Credit Risks

Anticipated losses incidental to refusal or inability of the other party to a contract to meet its obligations in whole or in part

When dealing with consumers, MOSENERGO adheres to a practice of custom-tailored service allowing for the specifics of financial and economic activities of each of them. This permits to find optimal, mutually beneficial solutions to problems of their debts.

Tax Risks

Risks of improper computation and payment of taxes resulting from disparate treatment of ambiguous norms of the law

The senior officials consider that the Company is in full compliance with the tax legislation applicable to its activities, which nevertheless fails to eliminate the potential risk of being at variance with the competent regulatory authorities with respect to the issues that allow ambiguous interpretation.

Risk of assets loss as a result of property destruction

This risk includes the **risks of deactivation of energy facilities and destruction of the Company's property** as a result of acts of terrorism, stealing and natural calamities in the region.

In order to reduce these risks, the company causes routine inspections of anti-terrorist protection of the personnel and production facilities to be made, arranges for protection against probable consequences of accidents, disasters and natural calamities, provides emergency and fire-fighting training of personnel.⁴

¹ p. 93
² p. 80
³ p. 24
⁴ p. 52

Risks of civil responsibility

This group of risks includes a **risk of the region pollution liability and third party property tort, a risk of product liability in supplies to the domestic market of the region and to the WEM** (frequency and voltage for electricity, temperature and pressure for heat), as well as **a risk of management responsibility for damage inflicted to life and health of the Company's employees.**

In order to mitigate the risks, the Company implements measures:

- to reduce pollutant emissions into the environment;¹
- to maintain instant readiness of the equipment for bearing a load, and to create a spare capacity;²
- to develop the computer-aided system of commercial energy metering;
- to conduct certification of workplaces and to provide working teams and working stations with means of individual and collective protection;³
- to pursue Federal Law No. 116-FZ of July 21, 1997, "On Industrial Safety of Hazardous Production Facilities".

The restructuring risks for the moment are assessed as negligible.

All necessary corporate procedures have been implemented to provide for efficient operation of the spin-off companies.⁴

Industrial and Technical Risks

A risk associated with obsolescence of fixed assets, a risk of simultaneous steep increase of electric load, as well as technical risks incidental to the equipment operation

MOSENERGO analyses potential risk situations during implementation of the work program. The primary organizational form for mitigation and compensation of the amount of damage is insurance. Subject to commercial insurance are assets, dangerous production facilities, means of transport, civil responsibility, accident and health insurance of personnel, and medical insurance.⁵

The Company hedges against the industrial and technical risks by way of creating stockpiles of fuel, spare parts, materials, as well as by carrying out measures to improve reliability of the power system.

Operational Risks

A risk of losses as a result of inferiority of management processes in the Company, wrong choice of the market strategy

In order to reduce the operational risk, the Company continuously improves its corporate governance mechanisms.⁶

It arranges for training of managers and specialists at post-graduate training establishments, creates a reserve for filling managerial positions.⁷

Investment Risks

In implementation of the investment program, MOSENERGO is exposed to investment risks, i.e. risks associated with degradation of key indicators of an ongoing project as a result of a change in external factors.

This risk is minimized through preservation and maintenance of the secured amount of assets. Application of financial lease mechanisms for acquisition of the Company's fixed assets in 2005 made it possible not to burden the Company's budget with lump sum payments of the full cost of property, but rather to distribute payments with an allowance for seasonality of the operating receipts. Reduction of the investment risks of the Company was also achieved for the account of application of the insurance mechanisms.

Legal Risks

Risks of losses associated with the fact that the legislation was either disregarded, or changed in the period of the transaction; a risk of improperly drawn up documentation

The management of the legal risks is based on optimization of the process of legal execution of documents and legal support of the Company's activities. For minimization of legal risks, all business processes of the Company exposed to such risks (e.g., execution of contracts) are subject to obligatory due diligence review.

¹ p. 48
² p. 43
³ p. 52
⁴ p. 35
⁵ p. 54
⁶ p. 30
⁷ p. 52

2

**MOSENERGO SHARES
AND STOCK MARKET**



2.1. Issuing of Shares

While existing in the form of an open joint stock company, MOSENERGO conducted four issues of ordinary registered shares. The first issuance of MOSENERGO's shares was undertaken in 1993 in the process of the Company privatization and was distributed as follows: 49.0% of shares were transferred by the State to the charter capital of RAO UES of Russia, 51.0% of shares were placed through a private subscription among the labor collective members. The second and third issues of MOSENERGO's shares conducted at the expense of the funds from the revaluation of the Company's fixed assets in 1994 and 1998, respectively, have been placed among the shareholders in proportion to the share of their contributions to the Charter Capital of MOSENERGO. MOSENERGO's fourth issue was placed in 2000 through a tied private subscription to the Moscow City Government represented by the Moscow Property Department and to RAO UES of Russia.

In 2004, in pursuance of the resolution of the annual general meeting of MOSENERGO's shareholders on the reorganization and by virtue of Article 75 of Federal Law No. 208-FZ "On Joint Stock Companies," shareholders who voted against or abstained from voting on the issue of the Company reorganization had the right to demand that the Company should redeem shares of which they are holders.

The shares were redeemed at the price approved by the Board of Directors of the Company based on the valuation made by an independent appraiser Ernst & Young, viz. 1 ruble 84 kopecks (Minutes of the Board of Directors No. 34 of 27.04.2004).¹

In accordance with the claims received, MOSENERGO redeemed 18,366,300 shares from its shareholders to the total amount of RUR 33,793,992 with 92% being shares presented for redemption by ADR holders.

As a result of retirement of the shares redeemed by the Company, MOSENERGO's Charter Capital reduced to RUR 28,249,359,700. The Company placed 28,249,359,700 ordinary registered shares of one (1) ruble par value each. Each ordinary registered share entitles its holder to an equal measure of rights as provided by the effective legislation of the Russian Federation.

There are no treasury shares on the Company's balance.

On December 19, 2005, the Board of Directors decided to issue MOSENERGO bonds and approved the decisions on securities issue and the Offering Prospectus. Pursuant to the decision made, JSB Gazprombank (CJSC) will sponsor the issue.

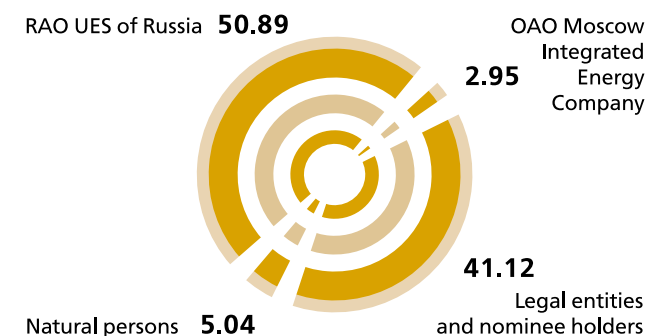
In 2006, MOSENERGO's Board of Directors supported the decision on bond issue totaling RUR 10 billion.¹ The Company is planning public offering of two issues, each having five million bonds with a par value of one thousand rubles, at the ZAO MICEX Stock Exchange. The maturity term of the bonds is 1820 days for the first issue, and 3640 days for the second issue, as from the date of placement thereof. There are plans to channel the bond issue proceeds to replace short-term credits with high service cost.

Structure of MOSENERGO's Share Capital	Interest in Charter Capital, %	
	as of 31.12.2004	as of 31.12.2005
RAO UES of Russia	50.89	50.89
OAO Moscow Integrated Energy Company	2.95	2.95
Legal entities and nominee holders	40.97	41.12
Natural persons	5.19	5.04

Major Holders of Shares	Interest in Charter Capital, %	
	as of 31.12.2004	as of 31.12.2005
RAO UES of Russia	50.89	50.89
ZAO Depository Clearing Company (nominee holder)	18.75	29.72
NP National Depository Center (nominee holder)	13.65	9.30
ZAO ING Bank (Eurasia)/ING Depository (nominee holder, ADR program depository)	3.02	1.68
OAO Moscow Integrated Energy Company	2.95	2.95

¹ 3.1.9.

Share Capital Structure as of December 31, 2005, %



2.2. Trading in MOSENERGO Shares at the Stock Market

MOSENERGO shares are actively dealt in by major trading systems of the Russian stock market, ZAO Moscow Interbank Currency Exchange (MICEX) and NP RTS Stock Exchange (RTS).

In 1995, MOSENERGO implemented an ADR program for the Company's shares according to Rule 144A of Regulation S. Level I ADRs are now outstanding, and the percentage of MOSENERGO's shares deposited against ADRs is 1.68% of the Charter Capital of the Company as of December 31, 2005.

The Bank of New York is the program depository. One depository receipt corresponds to 100 shares of MOSENERGO. Depository receipts for MOSENERGO's shares are dealt in on over-the-counter markets in the U.S. and Europe.

MOSENERGO's Share Codes in Russian Major Trading Systems

NP RTS Stock Exchange	MSNG
ZAO Moscow Interbank Currency Exchange	MSNG

MOSENERGO's ADR Tickers

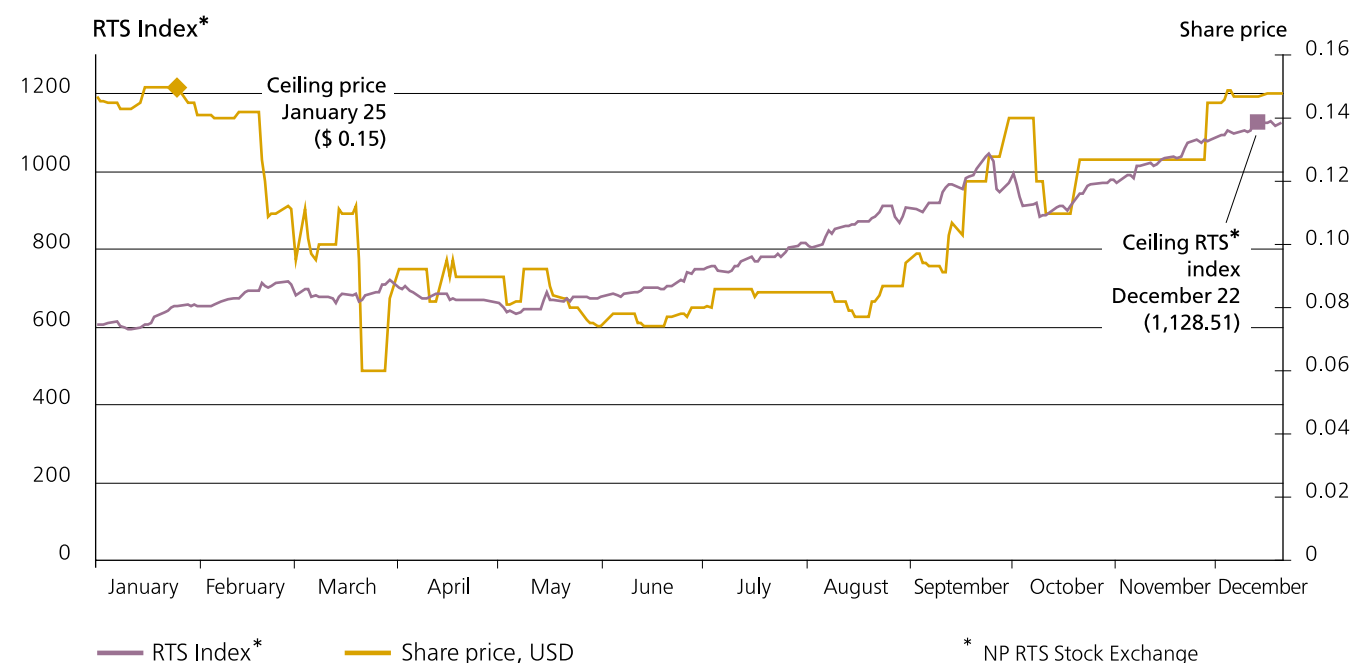
U.S. over-the-counter market	AOMOY
European (London) over-the-counter market	AOMDLI

Trading Volume of MOSENERGO's Shares in 2005 in Major Trading Systems, USD million

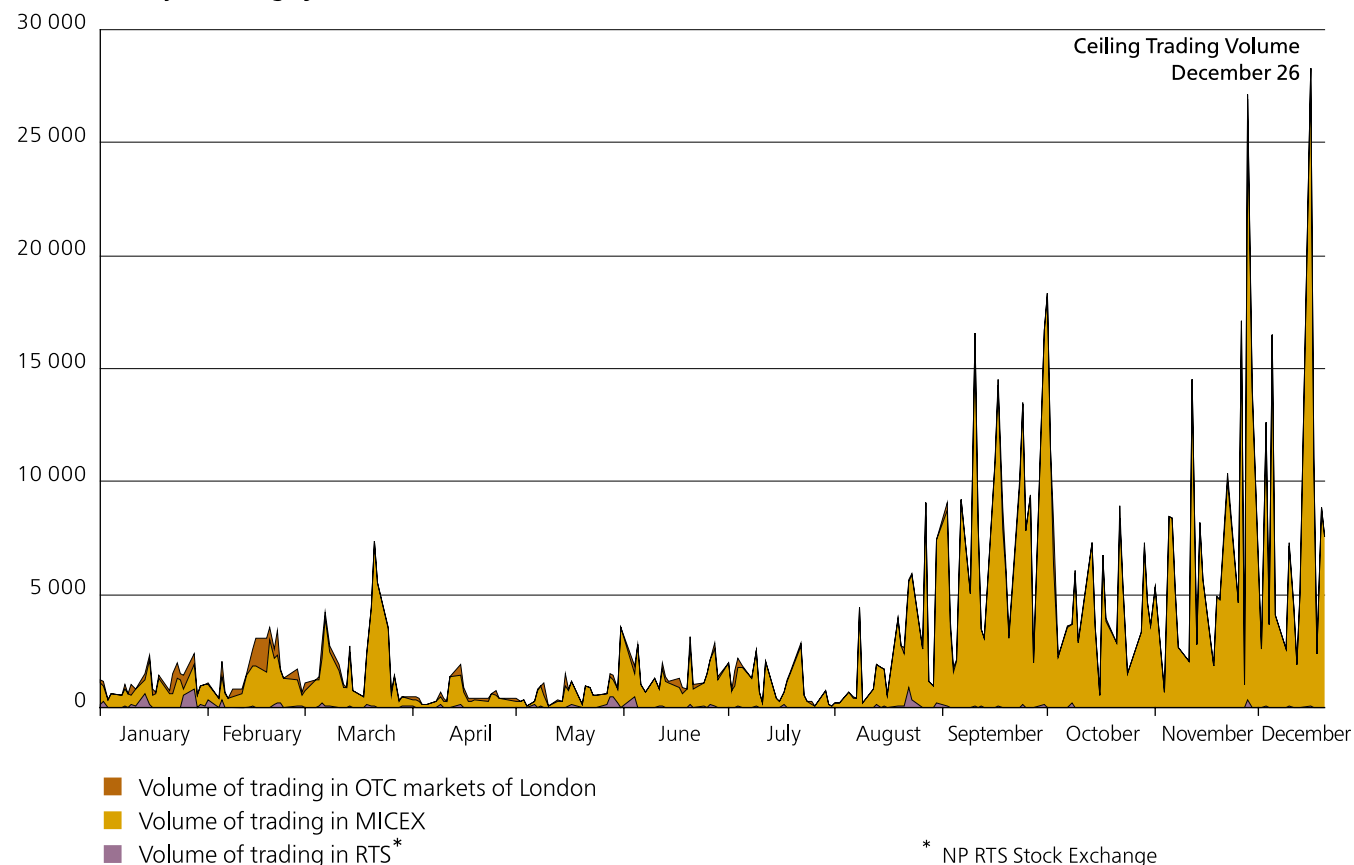
NP RTS Stock Exchange	11.72
ZAO Moscow Interbank Currency Exchange	999.40
European (London) over-the-counter market*	31.91

* trading volume of depository receipts issued for the Company's shares

Movement of MOSENERGO's Share Price and RTS Index* in 2005



Dynamics of Trading Volumes of MOSENERGO's Shares in Major Trading Systems in 2005, USD'000



Measures aimed at MOSENERGO restructuring had a great influence on share price movement and the level of capitalization of the Company in 2005. Though electrical and heating grids are no longer part of the Company's assets, MOSENERGO's capitalization in 2005 lowered by only 0.3%, reaching USD 3,955 million as of the end of the year.**

The market price of the Company shares fell by only 5.08% year on year to USD 0.14 as of the end of the year. The price of MOSENERGO shares reached that year's lowest of USD 0.06 on March 31, 2005, and peaked at USD 0.15 on January 25.

** the market capitalization was calculated by NP RTS Stock Exchange based on the price of 10 largest transactions and the number of issued MOSENERGO's shares.

In connection with a trifling volume of trading in MOSENERGO shares, the Chairman of the Executive Board of RTS Stock Exchange by its resolution and at the Company's request excluded MOSENERGO ordinary registered shares from quotation list "B" and listed them in the "Unquoted Securities" section.

This decision is of a technical nature and by no means affects the interests of MOSENERGO's shareholders. Presently, MOSENERGO shares meet the requirements established for securities included in NP RTS Stock Exchange's and ZAO Moscow Interbank Currency Exchange's quotation list "A", level 1, and are traded at the mentioned stock markets.

Presently, MOSENERGO shares meet the requirements established for securities included in NP RTS Stock Exchange's and ZAO Moscow Interbank Currency Exchange's quotation list "A", level 1, and are traded at the mentioned stock markets.

MOSENERGO regularly takes measures aimed to enhance capitalization of the Company in pursuance of the requirements of Russian and U.S. laws imposed on the companies whose shares are traded at stock markets, including with respect to compliance with the corporate governance standards, public awareness and transparency of the Company's business.

2.3. Dividend History

While accruing and paying its dividend, MOSENERGO meets the requirements of the Federal Law "On Joint Stock Companies" and the Company's Charter.¹

In 2005, the dividend on MOSENERGO's shares was accrued and paid based on the 2004 work results in strict compliance with the resolution of the General Meeting of Shareholders.² The amount of dividends accrued for the year 2004 totaled RUR 624,311 thousand. Adjusted for the income tax withheld, the amount of dividends due and payable worked out at RUR 562,417 thousand.

The dividend was paid in full within 60 days after the Shareholders' Meeting so resolved.

Dividends due and payable to RAO UES of Russia were remitted in accordance with the schedule signed by both parties.

In consideration of the net profit received³ by the Company in 2006, MOSENERGO's Board of Directors recommends that the General Meeting of Shareholders should approve the dividend based on the Company's 2005 work results at the rate of RUR 0.01607 per share.

period	Outpayments per share, RUR	Total amount of dividend accrued, RUR thou	Dividend yield*, %
in 2004 based on the 2003 work results	0.02169	613,127	0.97
in 2005 based on the 2004 work results	0.0221	624,311	0.98
in 2006 based on the 2005 work results**	0.01607	453,967	-

* calculated as a ratio of the amount of dividend paid to the price of shares on the date of preparing the list of persons eligible to receive the dividend;

** submitted to the general meeting of shareholders for approval.

¹ 1.5.
² p. 114
³ p. 58



69 124

0.36

99

36.7

3

**STRATEGIC PRIORITIES
AND CORPORATE GOVERNANCE**



3.1. Strategic Objective and Priorities

Strategic objective of MOSENERGO:

To come through the process of restructuring of the Russia's energy sector as a leader at the energy market of the Moscow area, to rank quoteworthy at the wholesale electricity market of Russia, and to increase shareholders' equity (to attain the highest economic and social benefits).

Strategic priorities of MOSENERGO are as follows:

- To satisfy growing electricity demand by erecting new generating plants and by replacing and retrofitting the equipment.
- To enhance productivity, to optimize costs, to mitigate adverse environmental impact.
- To create conditions under which every employee of the Company can self-actualize to the full extent.
- To conduct business as consistent with the ethical code adopted in the civilized world.

3.2. Corporate Governance Principles

The main principles of corporate governance according to the Company are:

- protection of shareholder and investor rights;
- transparency and availability of information;
- examination and assessment of the quality of management practices.

To all its shareholders and investors MOSENERGO guarantees enforceability of their rights, protection of which is secured through:

- registration of share ownership;
- keeping and safe custody of the Company's share register pursuant to Articles 44, 45, 46 of the RF Federal Law "On Joint Stock Companies";
- the ability of free and quick alienation of the shares belonging to the shareholders;
- the right to take part in the Company management by way of participation in general meetings of shareholders with a right to vote on all issues within its competence, participation of shareholder representatives in the work of the Board of Directors and other bodies of the Company management and supervision;
- participation in the Company's profits in the form of dividends;
- the right to receive complete and true information about the Company, regularly and in time.

The Company in its business adheres to the principles of maximum information transparency and openness. In accordance with the Regulation on MOSENERGO's Information Policy¹, the Company seeks to satisfy needs of shareholders, potential investors and professional securities market makers for credible information about the Company's operations. For this reason, the Company timely provides all information about its performance, plans and prospects and answers shareholders' requests.

The all-round information support of the Company activities and further strengthening and extending of contacts with the mass media is the main task of MOSENERGO's Press Service. Thanks to regular press conferences, briefings and press tours to various MOSENERGO facilities, journalists of the national and regional mass media receive accurate, current and copious information about the Company activities. The year 2005 saw 85 information events in printed and electronic media, and over 3000 published news stories about MOSENERGO activities.²

MOSENERGO's official site is an important source of information and effective means of communication. The site provides real-time news about the Company,³ information about corporate governance and securities, regularly updates its key performance and finance indicators.

The top management of the Company regularly holds press conferences⁴ and Internet conferences⁵ with investment analysts, briefings, and participates in conferences, exhibitions and TV programs.

Every year the Company publishes its Annual Report to the shareholders, in which it covers the key areas of production and financial operations and carries out economic analysis of the results of its work for the accounting year. The annual report to MOSENERGO's shareholders for 2004 was awarded the prize at the annual competition Best Annual Reports of Russian Companies organized by the rating agency Expert RA.

The quality of MOSENERGO's business management is controlled and assessed by the Board of Directors, Audit Commission, Audit Committee of the Board of Directors, internal audit directorate, and an external auditor of the Company.

¹ 1.7.

² 2.4.

³ 2.2.

⁴ 2.1.

⁵ 2.3.

To establish good corporate governance practices, the Company in 2005 approved a number of internal documents worked out in accordance with the Corporate Governance Code and with regard to the sector of operation, capital structure and other salient features of the Company. The meeting of shareholders approved¹ (Minutes No. 1 dated June 29, 2005):

- the redrafted Charter of the Company;²
- the redrafted Procedure for Convocation and Holding of Meetings of the Company's Board of Directors;³
- the redrafted Regulation on Payment of Remuneration and Compensations to the Members of the Company's Board of Directors;
- the redrafted Articles of the Executive Board of the Company.

The Board of Directors approved:

- the Articles of the Audit Committee of the Company's Board of Directors (Minutes No. 18 dated March 04, 2005);
- the Articles of the Human Resources and Remuneration Committee of the Company's Board of Directors (Minutes No. 30 dated June 27, 2005);
- Regulation on Internal Control of the Company (Minutes No. 30 dated June 27, 2005).

With a view to improve the quality of corporate governance, MOSENERGO plans to take the following steps in the short term:

- to improve mechanisms of corporate governance of the Company's subsidiaries and associates through formulation of documents regulating activities of MOSENERGO representatives to the management bodies of the subsidiary and associated companies;
- to redraft the Regulation on the Economic Mechanism of the Company.

The regulatory and legal framework embodying legal acts of the Russian Federation, regulatory documents of Russia's Federal Service for Financial Markets and MOSENERGO's internal documents approved by the general meeting of shareholders and by the Company's Board of Directors serves as a guarantee that the principles of corporate governance are complied with.

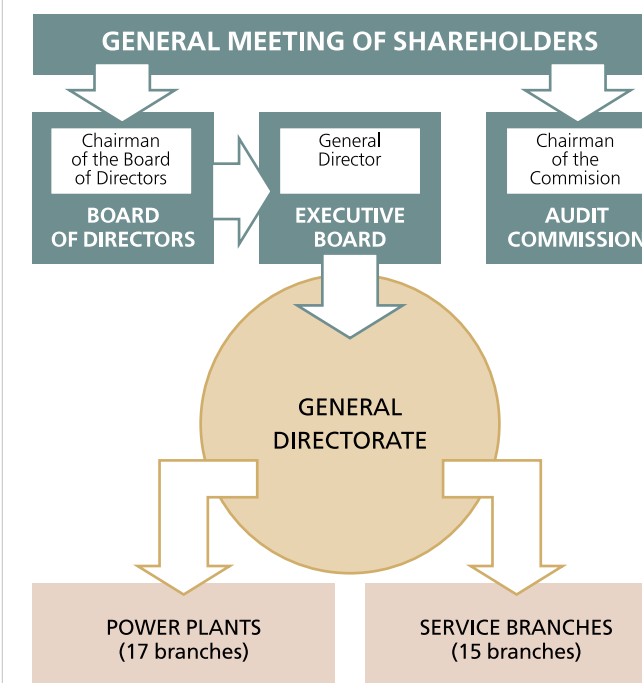
In furtherance of the corporate governance principles, MOSENERGO has in place a corporate governance structure that has proved its efficiency for years.

¹ p. 114

² 1.5.

³ 1.7.

MOSENERGO Structure



- P.G. Smidovich TEP-1
- R.E. Classon LAPS-3
- TEP-6
- TEP-8
- TEP-9
- M.Ya. Ufaev TEP-11
- TEP-12
- TEP-16
- TEP-17
- TEP-20
- TEP-21
- TEP-22
- TEP-23
- TEP-25
- TEP-26
- TEP-27
- TEP-28
- Avtokhozyaistvo
- APK Shatursky
- Information-Computing Center
- Medsanchast
- Mosenergoproyekt
- Moselektroremenergo
- Mosenergonaladka
- Mosenergospetsremont
- Experimental Plant for Automation Means and Devices
- Industrial-Technological Completing Enterprise
- Special Construction-Technological Bureau for High-Voltage and Cryogenic Technology
- Central Mechanical Repair Works
- Energosbyt
- Energosvyaz
- Energotorg

3.3. Meeting of Shareholders

The crest of the corporate governance structure is the general meeting of shareholders. The procedure for holding and preparation of general meetings of MOSENERGO is consistent with the Law "On Joint Stock Companies", is determined by the Company's Charter, and conforms to the optimum corporate governance practice. The established procedure provides for pari passu ranking of all members of the Company, including minority shareholders.

The general meeting of MOSENERGO's shareholders was held on June 28, 2005, to discuss the Company's production and economic performance in 2004.¹

The meeting approved: the annual report of the Company, the annual accounting statements, profit and loss statement based on the financial year results. The meeting also approved distribution of the Company's profits based on the annual returns of 2004, and the rate of dividends payable per share; elected members of the Company's Audit Commission and the Board of Directors; approved PricewaterhouseCoopers Audit, a private company, as its auditor for the next period; passed a resolution on payment of remuneration and compensations to members of the Board of Directors and Audit Commission; and adopted restated versions of the Company's Charter and a number of internal documents.

3.4. Work of the Board of Directors

The Board of Directors has an overall charge of the Company's activities, except for the matters relegated by the Federal Law "On Joint Stock Companies" and the Company's Charter to the exclusive competence of the General Meeting of Shareholders. The Board of Directors acts on the basis of MOSENERGO's Charter approved by the extraordinary meeting of shareholders on April 9, 2002, as amended by the general meeting of shareholders on June 28, 2005².

In 2005, the composition of the Board of Directors³ of MOSENERGO changed greatly.


As a result of elections of the members of the Board of Directors at the annual general meeting of shareholders on June 28, 2005, A.V. Yevstafiev, I.T. Goryunov, A.N. Rappoport and A.A. Chabak vacated their offices.


Four new members were elected to the Board of Directors: A.V. Chikunov, Member of the Executive Board, RAO UES of Russia; Managing Director of Business Unit No. 1, A.A. Gavrilenko, General Director, ZAO Leader; O.M. Dubnov, First Deputy General Director, the "Institute of Career Executives" foundation; D.V. Shtykov, General Director, the "Institute of Career Executives" foundation.


Thus, the number of independent directors in the new Board of Directors of MOSENERGO reached seven. The role of the independent directors is that they step up the level of objectivity of examination of various issues, transparency of the Company, provide for a more detailed and deeper study of problems, as well as for protection of rights of the minority shareholders and for abidance by the Corporate Governance Code. This enhances MOSENERGO's investment rating and capitalization.

The first meeting of the new Board of Directors unanimously elected Yu.A. Udaltsov, Member of the Executive Board, RAO UES of Russia, Head of the Reform Management Center, RAO UES of Russia, as its Chairman.

Pursuant to the restated Charter of MOSENERGO approved by the general meeting of the Company's shareholders on June 28, 2005, a Corporate Secretary of the Company shall be elected in order to comply with the approved procedure for preparation and holding of the general meeting of the Company's shareholders, as well as for organizing the activities of the Board of Directors.

 1 p. 114

 2 1.5.

 3 p. 102

The reporting year saw three committees set up at MOSENERGO's Board of Directors: the Audit Committee, the Human Resources and Remuneration Committee, and the Reliability Committee.

Early in 2005, the Board of Director's priority was to put through the final stage of MOSENERGO restructuring, and to hold general meetings of shareholders of 13 spin-off companies.

With a view to building up MOSENERGO's energy potential in order to satisfy the growing demand of the Moscow area customers for electricity, the Board of Directors in 2005 approved a long-term investment program for 2006 through 2010.¹

In 2005, the Board of Directors approved a number of the Company's internal documents aimed to make MOSENERGO more efficient. These include regulations on the internal audit, legal work, engineering policy of MOSENERGO, and a number of documents concerning management of procurement of goods and services for the Company's needs.²

In December, 2005, the Board of Directors made some essential decisions about the issue of MOSENERGO bonds. It plans two issues of interest-bearing bonds totaling RUR 10 billion to replace short-term credits that cost much in servicing.


In 2005, the Board of Directors approved 40 interested-party transactions.³ No major transactions that require approval of the Board of Directors were made in the reporting year.

The main decisions reached at the meetings of the Board of Directors are published at MOSENERGO's Web-site.


Committees under MOSENERGO's Board of Directors

Five members are elected on the Audit Committee: A.V. Kuznetsov, President of GUTA Group, Chairman of the Committee, an independent director, P.N. Aksenov, A.I. Sobol, O.M. Dubnov and P.S. Smirnov.

The Committee's main objectives are to produce and offer recommendations to the Company's Board of Directors with regard to items on the agenda of the Company's Board of Directors, such as approval of the Company's annual report; review of annual financial statements; consideration of the issues related to ensuring internal control and external audit of the Company.

 1 p. 44

 2 1.7.

 3 5.3.5.

Seven members (MOSENERGO Directors) are elected on the Human Resources and Remuneration Committee: P.N. Aksenov, A.F. Bodunkov, A.A. Gavrilenko, A.V. Kuznetsov, A.A. Matveyev, P.S. Smirnov and D.V. Shtykov.

The Committee has the following main objectives: to produce recommendations on the amount of remuneration to members of the Company's Board of Directors and Audit Commission; to fix the amount of remuneration to and set the terms of contracts with members of the collegial executive body, top managers and the person acting as the Company's sole executive body; to lay down criteria for selecting candidates for membership in the Company's collegial executive body; to refine its human resources policy.

Nine members are elected on the Reliability Committee: I.Sh. Zagretdinov, Deputy Managing Director of BU-1, RAO UES of Russia; V.L. Shchedrolyubov, Head of the Department of Technical Condition and Organization of Maintenance Operations, BU-1; MOSENERGO representatives: V.S. Pavlikov, S.A. Pronin, B.P. Modin; V.G. Pleshivtsev, Head of the Moscow Fuel and Energy Department; P.S. Molchanov, Project Manager, JSB Gazprombank (CJSC); D.V. Stepanov, General Director ZAO Promenergoremont, and O.A. Timofeyev – Head of the Territorial Center of Regional Enterprise "Tsentrenergotekhnadzor" (Center for Supervision over Power Technologies).

The Committee's main objectives are to produce and offer its recommendations (opinion) to the Board of Directors relating to the following issues: examination and analysis of implementation of investment programs and plans for repair of power facilities from the viewpoint of assurance of the integrated reliability requirements; assessment whether the measures taken are comprehensive and sufficient using the aftermath of accidents and serious breakdowns in process as a criterion, including follow-up actions; control and assessment of the work done by the Company's technical services with regard to assurance of reliable performance of generation equipment; maintenance of the normal condition of fixed assets, and communication of potential risks that may affect their operational reliability; analysis of actions taken to implement the contractual and economic mechanisms of reliability control.

3.5. Work of the Executive Bodies

MOSENERGO's day-to-day operations are administered by a sole executive body represented by the General Director¹ of the Company, and a collegial executive body represented by the Executive Board, who are accountable to the general meeting of shareholders and to the Board of Directors of the Company.

The Director General is elected by the Board of Directors of the Company.

Members of the Executive Board² of the Company, 15 in number, are nominated by the General Director of the Company and elected by the Board of Directors.

The rights and duties of the General Director and members of the Executive Board³ with regard to the administration of day-to-day operations of the Company are determined by the Russian Federation law, the Charter and the employment contract concluded by each of them with the Company.

The terms of reference of the General Director shall include all issues of administration of the Company's day-to-day operations, save for the issues referred to the competence of the meeting of shareholders, the Board of Directors and the Executive Board of the Company.

The Executive Board of the Company acts on the basis of the Company's Charter⁴ and the Articles of the Executive Board⁵ approved by the general meeting of shareholders on June 28, 2005.

In 2005, the Executive Board of MOSENERGO met regularly in accordance with the quarterly plans that were developed based on the provisions of MOSENERGO's Charter, Articles of the Executive Board, resolutions of the general meeting of the Company's shareholders, Board of Directors and Executive Board, and approved by the Chairman of the Executive Board.

During the reporting year, the Executive Board held 53 meetings where it discussed 271 issues relating to the day-to-day operations and prospects of the Company. Of all meetings of the Executive Board, eight were held by the absentee voting to resolve 10 issues.

The Executive Board at its meetings regularly considered such questions as:

- current financial and economic status of the Company;
- flow of the capital construction and remedial maintenance program;
- review of the technical and economic performance of the Company;
- stockpiling of and payment for fuel;
- the Company's energy marketing;
- preparation for peak loads of the fall and winter of 2005/2006;
- inventory of the accounts receivable and payable, provisioning for doubtful debts.

The Executive Board priorities in 2005 also included matters relating to consummation of MOSENERGO restructuring.

The Executive Board put an emphasis on further development of the Company's power facilities and improvement of operational reliability of the power system equipment. For this end, the following issues were explored: the main aspects of MOSENERGO's strategy, financial instruments for the implementation of the Company's investment program for 2006 through 2010, the program for upgrading telecontrol and communication systems, the cost management program for 2006, the integrated procurement program for 2006, the 2006 repair program for MOSENERGO's power plants, the development program for the Mosenergoprojekt Institute for 2006 and beyond, and a number of other issues.

According to its work plan, the Executive Board at its meetings throughout the year heard the reports of the managers of LAPS-3, TEP-17 and TEP-23 on the financial and economic performance of the branches, and a report on the activities of MOSENERGO's vacation hotel. These meetings provided the basis for programs aimed at making the activities of these branches more efficient and at furthering their development.

The Executive Board also kept a special focus on social issues: recreation options for employees and their children, charities and sponsorship, pay increase and personnel policy. In 2005, MOSENERGO's Executive Board adopted a number of regulations concerning insurance, housing policy, and benefits for the veterans of war and labor front.

-  1 1.2.1.
-  2 p. 106
-  3 1.2.2.
-  4 1.5.
-  5 1.7.

3.6. Work of the Audit Commission

The Audit Commission of MOSENERGO is a standing organ of internal audit of the Company independent of any officers of the Company's management bodies and executives. In its activities, the Audit Commission abides by the powers stipulated by the Federal Law "On Joint Stock Companies", the Company's Charter¹ and the Articles of the Audit Commission of MOSENERGO² and other internal documents of the Company.

In order to exercise control over the financial and economic activities and to ensure supervision over the compliance of the conducted business transactions with the Russian Federation law and the Company's Charter, as well as to perform an independent evaluation of financial standing of the Company, the Audit Commission had carried out documentary verifications (audits) of the financial and economic activities of MOSENERGO in the nine months of 2005 and throughout the year 2005.

Based on the auditing results, as well as on the Company's auditor's report, the Audit Commission drew up its Opinion³ which confirms the authenticity of data contained in the Company's statements and other financial documents for the year 2005. Copies of the Opinion were sent to the Board of Directors and General Director of the Company.

-  1 1.5.
-  2 1.7.
-  3 p. 67
-  4 3.1.8.
-  5 3.4.1.

3.7. The Company Restructuring

On March 26, 2003, the State Duma of the Federal Assembly of the Russian Federation passed Federal Law "On Electric Power Industry", No. 35-FZ, which along with other legal acts defines the legal base of restructuring of the Russian electric power industry.

The industry restructuring pursues the following objectives:

- formation of a competitive environment in the Russian electric power industry;
- separation of competitive (generation and sales) and monopolistic (transmission and distribution) lines of business;
- enhancement of operating efficiency of generation and sales companies;
- establishment of a self-regulating wholesale market of electricity where prices are formed by demand and supply;
- regulation of activities of natural monopoly entities in the industry.

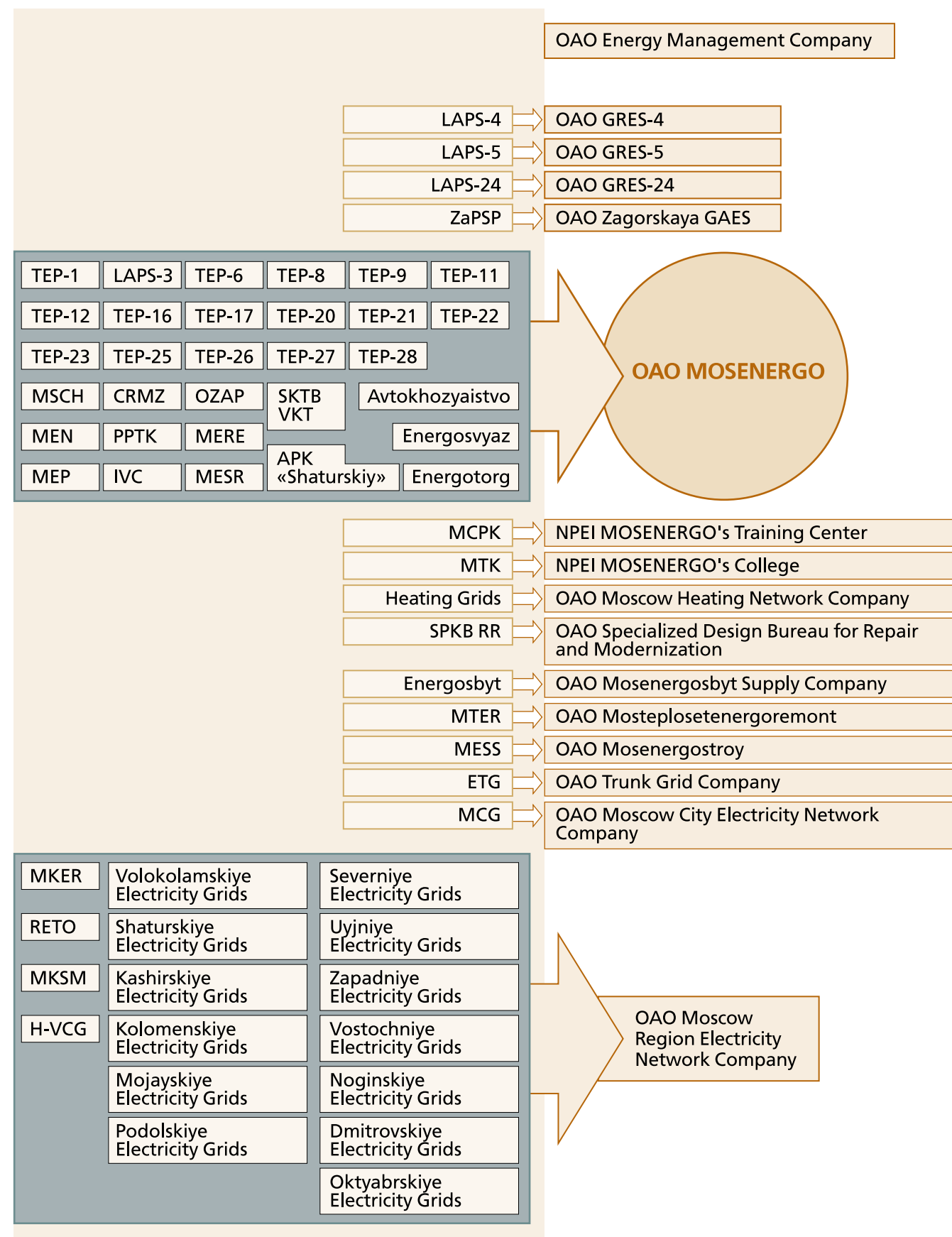
On June 28, 2004, the Annual General Meeting of MOSENERGO's Shareholders⁴ adopted a resolution on MOSENERGO reorganization in the form of separation, on the formation of 13 new companies, on the allotment of shares of the emerging companies, and on the approval of the separation balance sheet.

February 28, 2005, saw the founding general meetings of shareholders of the spin-off companies held to approve the Charters, to elect the General Directors, members of the Boards of Directors and the Audit Commissions of the nascent companies.

On April 1, 2005, the state authorities registered 13 joint stock companies detached from MOSENERGO⁵, that includes:

- OAO Energy Management Company;
- OAO Trunk Network Company;
- OAO Moscow City Electricity Network Company;
- OAO Moscow Heating Network Company;
- OAO Moscow Region Electricity Network Company;
- OAO Mosenergobyty;
- OAO Specialized Design Bureau for Repair and Modernization;
- OAO Mosteplosetenergoemont;
- OAO Mosenergostroi;
- OAO GRES-4;
- OAO GRES-5;
- OAO GRES-24;
- OAO Zagorskaya GAES.

MOSENERGO Restructuring Chart



The shares of the nascent companies were distributed among MOSENERGO's shareholders in proportion to the number of shares in the Company of which they are holders as of the date of the companies state registration.

All necessary corporate and legal processes incidental to the Company split-up have been completed:

- the assets transferred;
- the personnel redeployed;
- license required for the spin-offs operation acquired;
- the Federal Antimonopoly Service of the Russian Federation notified of the reorganization;
- the required decisions on tariffs and balances for the spin-offs up to the end of the year 2005 obtained;
- the work of the Boards of Directors of all spin-offs organized.

The new companies have entered upon their statutory core activities.

Trading in securities of the new companies at the stock market have been secured (issues of securities and reports on the securities issues of all spin-offs have been registered).

Work with Non-core Assets

In keeping with the general concept of the electric power industry restructuring, one of MOSENERGO's objectives is disposal of non-core assets.

The Register of Non-core Assets and Transactions Therein was approved by MOSENERGO's Board of Directors on October 09, 2003 (Minutes No. 12), and amendments to the Register were approved on May 13, 2004 (Minutes No. 35).¹

The register lists 1223 MOSENERGO facilities as non-core assets.

The Board of Directors of the Company resolved (Minutes of MOSENERGO's Board of Directors No. 3, dated July 03, 2003) that non-core assets of over RUR 0.5 million market value should be put out to tender and property disposal agents engaged.

As of January 01, 2006, the remaining non-core assets totaled 818 facilities valued on the books at RUR 2,096.6 million.

In 2005, MOSENERGO took the following steps with respect to its non-core assets:

- 6 facilities relating to the housing and public utilities and social amenities were transferred into the municipal ownership;
- 84 non-core facilities were sold to the amount of RUR 266.4 million (inclusive of VAT) with a profit of RUR 128.3 million;
- a competitive bidding was held and shares of 11 investees sold for RUR 34.4 million, and the profit earned amounted to RUR 10.1 million.

¹ 3.1.9.

4

CREATION OF VALUE –
GENERATION, INVESTMENTS,
REPUTATION



4.1. Electricity Generation

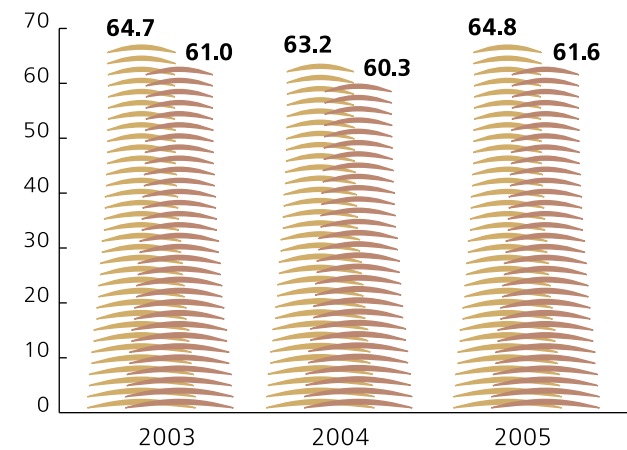
The analysis of electricity consumption and capacity history in the Moscow area for the last years shows a steady growth of the indicators. In 2005, it scored 3.4% and 3.1%, respectively. The growth results from building up of the area production capacity, a marked increase in the volumes of housing construction, as well as construction and functioning of energy-intensive business, shopping and hotel complexes and recreational centers in Moscow and the Moscow Region.

The auxiliary power consumption in 2005 reached its peak of 14,755 MW on December 28 at 5 p.m. at the outside air temperature of minus 8.6°C exceeding the peak of 2004 by 1.1%. MOSENERGO's load therewith, with an allowance for power transfer to other systems, amounted to 15,071 MW.

An average week days' peak demand in 2005 was 11,710 MW, outstripping similar peak of 2004 by 3.1%.

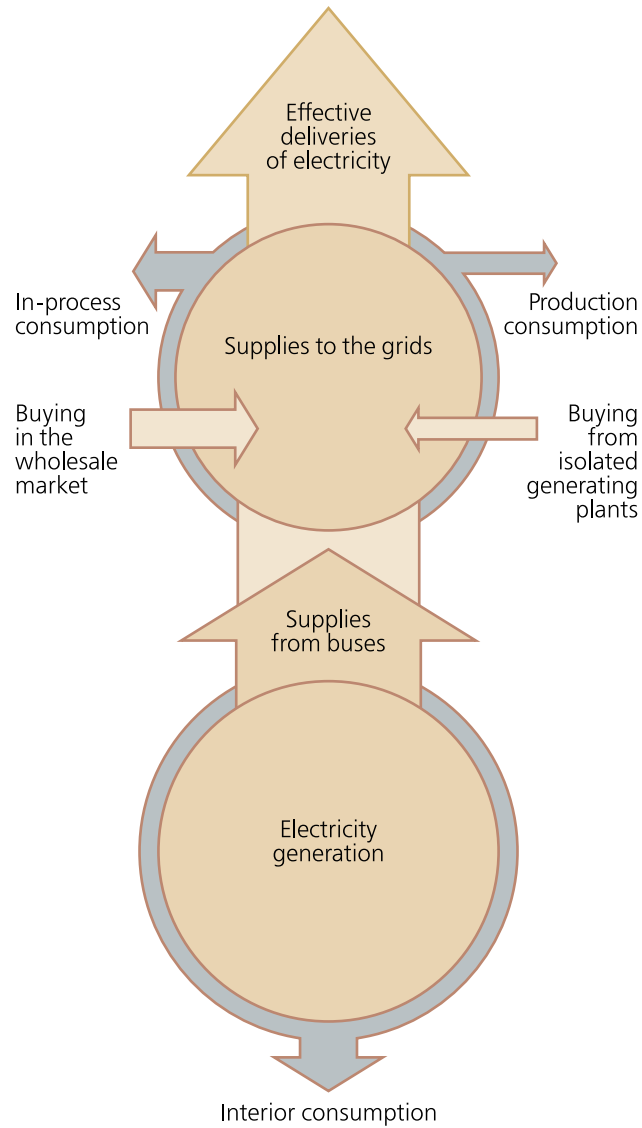
Power consumption in the Moscow region overshot the top mark of 2004 by 3.4% coming up to 85.2 billion kWh.¹

Electricity generation, kWh bln



■ As in 2005
■ Data on power plants incorporated in the restructured Company

The Principal Electrical Balance of MOSENERGO before restructurization

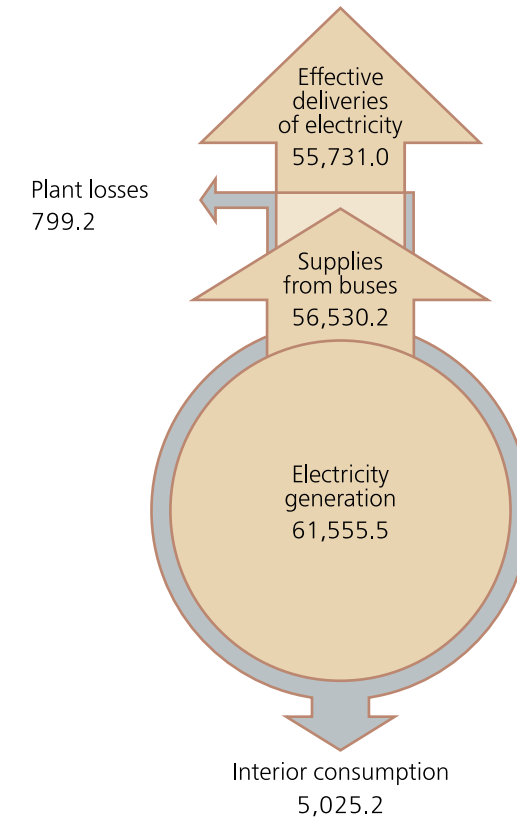


Electricity generation by MOSENERGO's power plants in 2005 amounted to 64.8 billion kWh² inclusive of the output of LAPS Nos 4, 5, and 24 and Zagorsk PSP that in the first quarter of 2005 operated as a part of the Company. Under comparable conditions, electricity generation per worker has grown from 3.12 million kWh to 3.4 million kWh.

The annual output of power plants incorporated in MOSENERGO after restructurizing totaled 61.6 billion kWh.

¹ p. 44
² p. 113

Electrical Balance of restructured MOSENERGO kWh mln



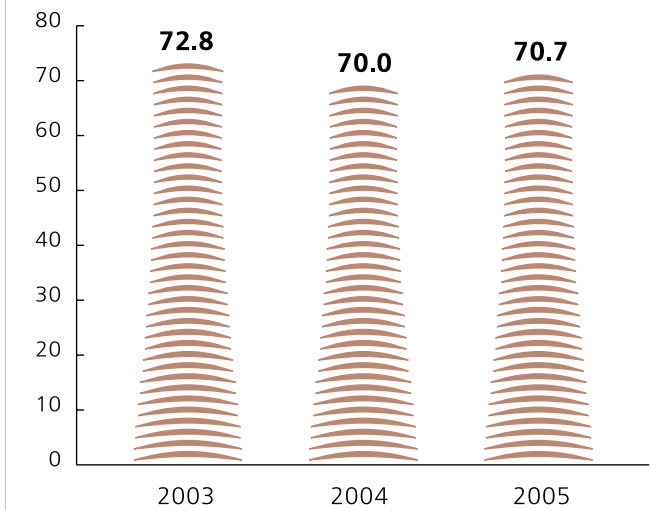
4.2. Heat Generation

After its restructurizing and unbundling of the regional heat generators (Kashirskaya LAPS-4 and Shaturskaya LAPS-5), MOSENERGO continues to sell heat to retail consumers in Moscow and the Moscow Region, save for the Kashira and Shatura Regions.

The connected heating load of the Company consumers added 511 Gcal/h in 2005 reaching 33,434 Gcal/h by the beginning of 2006.

Moscow consumers receive 95.5% of MOSENERGO's effective deliveries of heat, whereas regional consumers get 4.5%.

Heat dispatched from manifolds (under the 2005 conditions), Gcal mln



70.7 million Gcal¹ of heat was sold from the Company's power plant manifolds (allowing for the fact that in the 1st quarter the Company operated in full muster), up 1.0% versus 2004 under comparable conditions. The reasons behind such growth are that in the 2nd quarter heat supply was discontinued at a later date, and in the 3rd quarter it was commenced at an earlier date.

In 2005, the annual deliveries of heat from the manifolds of power plants incorporated in MOSENERGO after restructurizing totaled 70.3 million Gcal.

The in-process consumption (loss) in heat transmission was 7.5%, down 0.7 percentage point against the target.

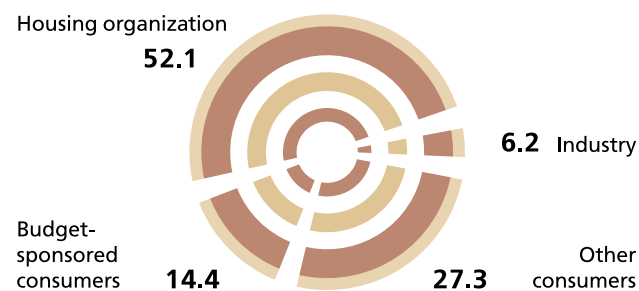
Effective deliveries of heat to ultimate consumers in steam and hot water amounted to 66.0 million Gcal, a 1.6 % rise over the level of 2004 under comparable conditions. Higher heat consumption came on the back of a lower ambient temperature in the heating season of 2005 (-3.5°C) vis-a-vis the outside air temperature recorded in 2004 (-1.75°C).

Consumption of heat in Moscow increased by 1.8%, while in the Moscow Region it reduced by 0.7% owing to a lower heat consumption as a consequence of some regional consumers switch to supply from other sources of thermal energy.

Expansion of heat consumption, as compared with 2004, was registered in almost all consumer groups. The heaviest growth of heat consumption was observed in the construction sector brought on by new connected loads of the consumers of this group.

¹ p. 113

Pattern of Heat Consumption in 2005, %



Development of industry, services and transport, the growing rates of construction of housing and welfare facilities in Moscow and the Moscow Region boost heat consumption in the Moscow area.

It is essential to respond to the maximum number of consumers' requests for connection to MOSENERGO's generators, to expand heating capacities, and to provide consumers with fail-proof power supply in order to solidify the Company's position in the heat market.

4.3. Capital Construction

MOSENERGO's capex plans are traditionally aimed at commissioning of new facilities, replacement of worn-out equipment and its rehabilitation, construction and refurbishment of buildings and structures. The investment pattern is concretized in an annual special order on the capital construction.

The strategic objective in the investment activities of MOSENERGO in the reporting year was development of the industrial potential.

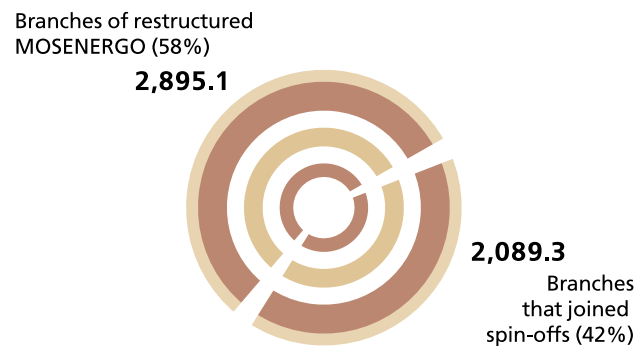
In connection with the system outage at the Chagino substation on May 2005, the capital construction plan was re-prioritized: the best part of the funds was committed to designing renovation facilities and replacement of faulty or unreliable electrical equipment in TEP switchgear.

The MOSENERGO investment program for 2005 approved by the Board of Directors (Minutes No. 30, dated June 27, 2005) worked out at RUR 4,302.1 million, aside from RUR 475.7 million for the repayment of credit, and RUR 50.0 million for the pre-investment survey of power facilities with a view to upgrading the automated electricity billing system and telecontrol and communication system.

The actual fulfillment of the investment program made up RUR 4,984.4 million.

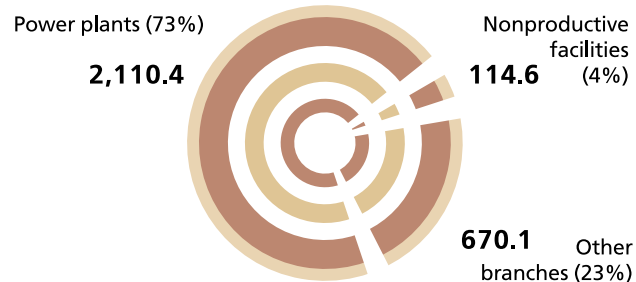
The actual capital expenditures of the branches of restructured MOSENERGO in the total volume of investments amounted to RUR 2,895.1 million.

Branch-related pattern of 2005 capital investments, RUR mln



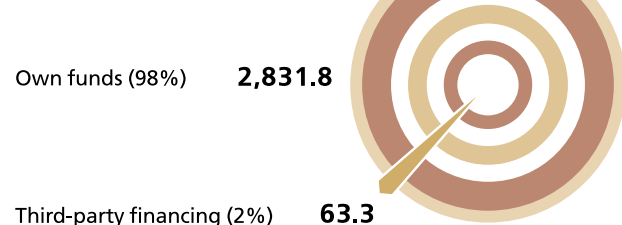
The bulk of investments of restructured MOSENERGO's branches went to the power plants.

Pattern of capital investments in 2005 by Investees, RUR mln



In 2005, the branches incorporated in MOSENERGO after restructuring commissioned RUR 2,489.7 million worth of fixed assets.

Pattern of 2005 capital investments with breakdown by sources of financing, RUR mln



The capital works accomplished in the reporting year were as follows:

- refurbishment of 10 kV main switchgear (section 3) at TEP-11;
- replacement of the 110-kV oil circuit breakers in the 110-kV cell of the TEP-20 – Cheremushki-1 cable power transmission line at TEP-20
- technical retooling of the dead coal storage at TEP-22;
- technical upgrade of boiler No. 11 at TEP-22.

The production facilities also saw other works performed. About 87% of investments into branches comprising restructured MOSENERGO were committed to renovation and technical retooling of power facilities. The major targets were refurbishment of boiler No. 11 and rebuilding of the coal yard at TEP-22, where the first rotary stacker/scooper was mounted and new coal conveyor galleries built. Furthermore, a steam turbine, type T-110/120-130-5, was purchased to replace turbine No. 5 at TEP-21 in 2006.

Considerable sums were allocated for replacing obsolete electrical equipment in switch-yards of power plants, for making boiler equipment conform to the new Safety Regulations for Gas Distribution and Gas Consumption Systems, for introducing automatic control means, for purchasing and installing deficient equipment designed for technological and commercial metering of thermal and electric energy.

The year 2005 saw development of the project, excavation and commencement of pile driving for foundations of the main building designed to accommodate MOSENERGO's first 450 MW combined-cycle plant (CCP-450) at TEP-27. Preparation for building power units at TEP-21 and TEP-26 also began.

The GTE-25U gas turbine had been received for installation at the GTU-TEP of LAPS-3, and its erection and commissioning are scheduled for 2006.

4.4. Maintenance Effort

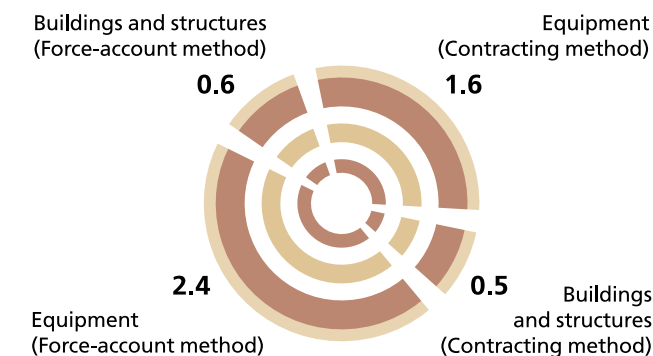
The maintenance effort is the key component of the electricity and heat generation process that provides for the reliable and cost-effective operation, as well as for longer service life of the power plants equipment.

Repairs are performed by MOSENERGO's specialized repair branches, power plants, and third party contractors.

To optimize application of funds allocated for repair, the Company carries out pre-repair diagnostics of the equipment.

In 2005, the cost of repair operations at the power plants incorporated in MOSENERGO after reorganization totaled RUR 5.1 billion.¹

Pattern of repair costs in 2005, RUR bln



In keeping with the mechanical annex repair schedule, 6 power units, 21 turbines, 35 power boilers and 10 peak-load boilers were subject to overhaul and medium repairs. Current repairs were carried out at 13 units, 64 power boilers, 72 turbogenerators and 105 peak-load boilers. Thus and so, one-hundred-percent of the mechanical annex was covered by all types of repair. The technical and economic metrics of virtually all boilers and turbines had been improved and brought to the rated values.

In 2005, generators underwent 20 overhauls, 5 medium and 26 routine repairs.

For the first time in MOSENERGO, enhanced overhauls of generators at TEP-22 and TEP-25 were performed on-site at the power plants, without taking them to repair workshops. This enabled substantial reduction of the time and cost of the equipment repair.

The temperature-rise tests were carried out at 33 generators, the results of which became the base for issuing load charts to the branches.

The year 2005 saw 25 overhauls and 9 current repairs of transformers with the most sizable work accomplished at TEP-22, 25 and 26.

Liquid fuel tanks were subject to the annual scheduled inspection. 15 tanks of the total capacity of 170.1 thousand tons were inspected and 5 tanks of the total capacity of 80.7 thousand tons repaired.

Repairs of equipment of the fuel transport departments, buildings and structures, cooling towers and stacks of MOSENERGO's power plants, preparation of chemical shops' equipment of power plants for operation during the fall and winter seasons were performed within the planned scope.

The thorough repair campaign helped largely to achieve headway in dealing with high-load conditions during strenuous heat deficit period of 2005/2006.

4.5. Technical Refurbishment and Development

Beginning from 2000, Moscow and the Moscow Region show a notable increase in consumption of electric energy and power caused by dynamic economic development of the area. If Russia's average year-on-year growth of electricity consumption is 2-3%, in the Moscow area it reaches 4-5%.

According to a forecast, annual electricity consumption of the Moscow area may have risen to 100 billion kWh by 2010, and electric area to 21,000 MW.

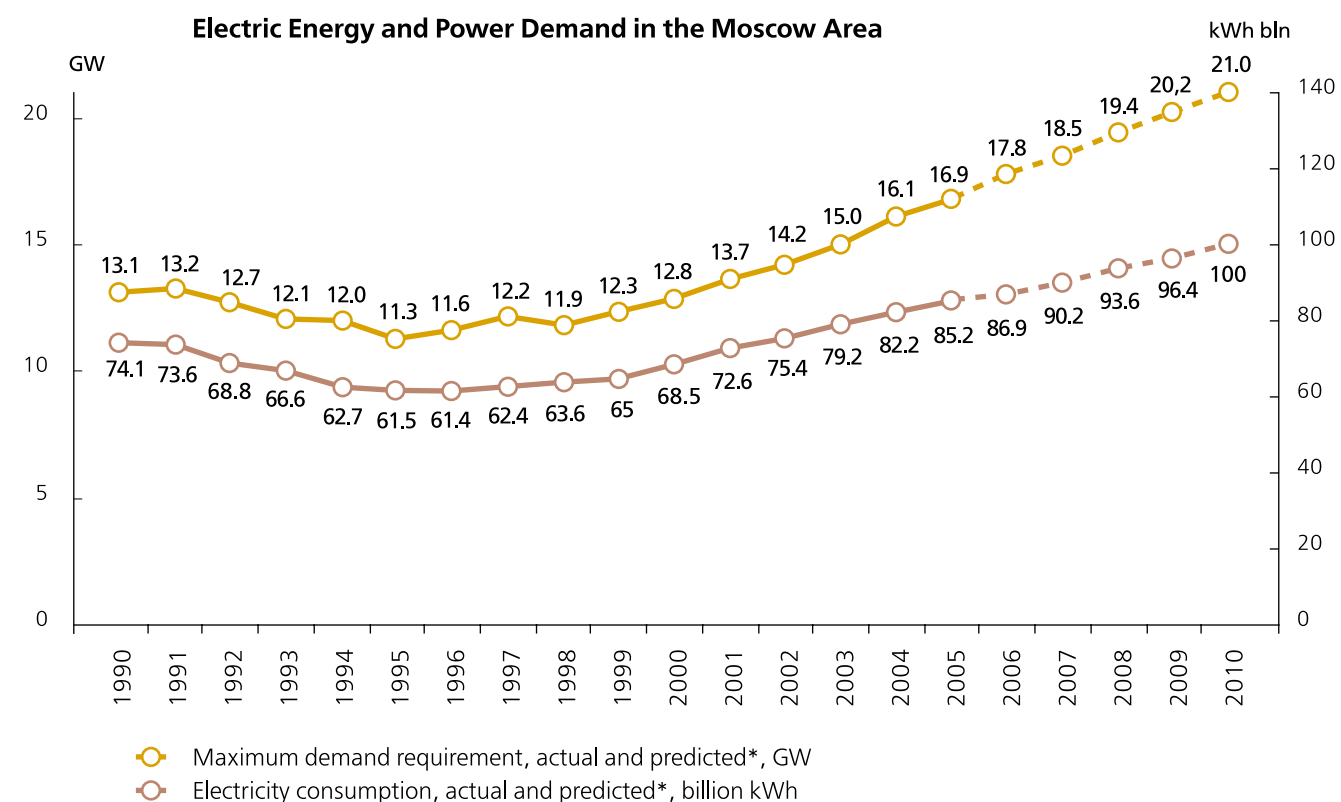
Simultaneously, construction of housing and welfare facilities, development of industry, service and commercial entities will bring up heat consumption.

Given a sustained growth of energy demand in the Moscow area, as well as the need of systematic upgrade of the Company's equipment (as at the end of 2005, capital consumption reached 58.4%, including deterioration of equipment – 66.4%), technical retooling and introduction of new generating capacities become MOSENERGO's primary concerns.

The Concept of Technical Retooling of Power Facilities of the Moscow Area developed in 2005 by a workgroup of the Russian Academy of Sciences with the active participation of our Company's specialists underlies MOSENERGO long-term development plans.

The Concept presents MOSENERGO's strategy for development of the Company's own generation facilities in the Moscow area and attainment of equilibrium in the period under inquiry. Within the framework of the strategy, MOSENERGO specialists have launched an investment program for years 2006 through 2010 that was approved by the Company's Board of Directors.¹ The plan for commissioning generating capacities of the Company for 2006-2010 was taken in account in Moscow Government's Resolution No. 923-PP of November 22, 2005 "On Measures To Be Taken To Provide Electric Power Supply of the Housing Program Facilities in Moscow in 2006-2007, and 2008-2010 Objectives".

¹ 3.1.9.



* forecast at the heart of the «Concept of Technical Retooling of Power Facilities of the Moscow Area».

Construction of new generation facilities using high-performance combined-cycle technology, which makes it possible to improve efficiency of power plants by 20% and to save up to 25-30% of consumed fuel, forms the basis of the investment program. The program's priority is construction of four high-capacity power units at TEP-21, 26 and 27.

Construction of Generation Facilities Using Combined-cycle and Gas-turbine Technologies

Facility description	Year of work commencement	Year of commissioning	Power to be commissioned, MW
LAPS-3 (GTU-TEP)	2005	2006	31
TEP-9	2006	2008	65
TEP-12	2006	2008	90
TEP-20	2007	2010	170
TEP-21 (Unit No. 11)	2006	2009	450
TEP-26 (Unit No. 8)	2006	2009	400
TEP-27 (Unit No. 3)	2005	2008	450
TEP-27 (Unit No. 4)	2007	2010	450

The generating capacity gain will be achieved through new construction, as well as through technical retooling of the operating facilities.

Technical Retooling Facilities

Facility description	Year of work commencement	Year of commissioning	Power to be commissioned, MW
TEP-1 (replacement of turbine No. 31)	2005	2006	25
TEP-9 (reconstruction of turbine No. 5)	2006	2007	80
TEP-21 (replacement of turbine No. 5)	2005	2006	110
TEP-23 (replacement of turbine No. 2)	2005	2007	110

The overall generating capacity gain under the Company's investment program will amount to 2,071 MW by 2010, including 2,006 MW through construction of CCP-based generation facilities, and 65 MW through technical retooling.

The investment program will be updated and refined to the changing terms of financing, production and assimilation by domestic manufacturing plants of newer uprated equipment, emergence of projects that are able to meet competition, etc.

In addition, the feasibility of retrofitting and commissioning of new facilities at TEP-12, 16, 20, 22 and 25 will be considered under individual programs.

To finance the above operations, various instruments of attracting investments are being reviewed, including issue of Eurobonds, contracting of international investment credits, and additional issue of shares.

December 2005 saw an agreement signed with the European Bank for Reconstruction and Development. The Company obtains a long-term credit in the amount of USD 250 million (RUR 7.2 billion). The money will be committed to the projects of technical retooling and renovation of the operating facilities.

The aggregate amount of capital to be invested in 2006 is planned at the rate of RUR 9.6 billion, which will allow to carry out the works aimed to improve equipment reliability, to secure environmental and fire safety, and to put into operation 166.2 MW of generating capacity, including:

- to replace turbine-generator set No. 5 at TEP-21 – 110 MW.
- to replace turbine No. 31 at TEP-1 – 25 MW;
- to bring on line the second gas turbine at the GTU-TEP in Electrostal – 31.2 MW.

The installed capacity gain will be 66 MW.

In 2006, TEP-9 will enter upon a work package associated with installation of a prototype GTE-65 gas turbine, which is contemplated to become a base for erection of CCGT units with a capacity of up to 100 MW at other power plants as well. TEP-28 plans the first run and testing of the CCP-60S, combined-cycle gas turbine, developed and financed by FSUE Salyut, Moscow Machine-building Plant, in collaboration with the Russian Academy of Sciences with the use of cutting-edge technologies.

Furthermore, the Company in 2006 is planned to carry on rebuilding of the coal yard at TEP-22 and replacing transfer cranes with rotary stackers/scoopers, to refurbish and upgrade switching equipment of all voltages at power plants bringing up the connected load capacity of the consumers by 164 MW, as well as to replace high-voltage circuit breakers and other electrical equipment.

A high emphasis in the plans of renovation and technical retooling will be placed on the matters concerning assurance of reliable performance of TEP equipment, automation of process control and monitoring, improvement of commercial metering.

4.6. New Equipment and Technologies

Engineering Policy and Energy Efficiency

In 2005, equipment of power plants was being fitted with modern process protection features and power management systems with the use of microprocessor technology, automated process monitoring and control systems, fault location and emergency process recording systems. Introduction and assimilation of SF6-insulated transformers, SF circuit breakers and modern vacuum circuit breakers continued.

Among the efforts that enabled saving of fuel and cash assets in 2005 noteworthy are assimilation of a condenser ball cleaning system of turbines No. 5 and No. 6 at TEP-12, introduction of a variable-frequency electric drive at the main-line pumps of TEP-9. Commissioning of a frequency-regulated drive of the main-line pump motor at TEP-22 in 2004 saved on the order of 1.5 million kWh of electricity in 2005.

Introduction of up-to-date automatic natural gas calorimeters at five power plants allowed to improve accuracy and regularity of settlements for the delivered fuel.

TEP-1 carried out measures aimed at conversion of the water chemistry conditions of the equipment operation with the use of a new reagent, Chelamin. Application of Chelamin contributes to reduction of the total amount of deposits on the heating surfaces and provides for slowing down of the corrosion rate. This makes it possible to waive equipment preservation even when shut down for a long period.

To reduce hydrogen humidity at hydrogen-cooled turbo-generator No. 5 TEP-25 introduced adsorption-type thermal vacuum hydrogen dehumidification plant. It is dependable and easy-to-operate, and requires no special technical knowledge from the maintenance personnel.

The Central Maintenance Mechanical Plant (CRMZ) put in commercial operation a new face-plate lathe that enables on-site machining of large rotors, which previously were sent to the manufacturing plant, and thus helps abate the repair costs. The Plant had mastered production of a new type of storage batteries, OPzS. The batteries are produced under Hoppecke's license and feature an extended performance spectrum in power and size. The Plant had also assimilated an inductor for removal of turbine rotary shrouds, whose application effects a substantial labor saving and upgrades the quality of rotor repairs.

Energy Saving

MOSENERGO has been implementing the Energy Saving Program for the period leading up to 2005 and 2010 elaborated and approved in 2001.¹ Every year its metrics are refined. MOSENERGO also joined the Energy Saving Program for Moscow and the Moscow Region.

In 2005, implementation of the Energy Saving Program went along the following lines:

- administrative and technical measures during generation and transmission of electricity and heat: reduction of service consumption of thermal power plants, optimization of operation modes and improvement of the electricity grids manageability;
- equipment of heat and electricity market participants with metering devices: modern electricity meters, commercial metering units, automated energy control and metering systems;
- power-related surveys of power plants, electrical and heating grids in accordance with the Federal Law "On Energy Saving", No. 28 of April 03, 1996.

The energy efficiency effort in 2005 yielded to MOSENERGO the total saving of fuel and power resources in the amount of 38.94 thousand tons of equivalent fuel RUR 44.95 million worth.

In 2005, the power-related surveys were completed at TEP-1, TEP-16, TEP-20 and two districts of the Heating Grids. A contract was signed to carry out a power-related survey at TEP-21 with 2006 as the end date. Thus, the program of primary mandatory power-related surveys of MOSENERGO power plants will be fully complied with in 2006.

In the reporting year, MOSENERGO took part in three international and specialized exhibitions dedicated to energy conservation. MOSENERGO's exhibits were noted and awarded with many honorary diplomas of the Ministry of Energy of Russia, RAO UES of Russia, EEC Energy Efficiency Center, steering committees.

Information Technologies and Telecommunications

Efficient and mobile management of a sophisticated technological complex, which is MOSENERGO, is impossible without employment of present-day information technologies and telecommunications.

In 2005, the following major IT projects were implemented:

- with a view to creating a common information space for all software applications of the General Directorate and strengthening the information security, the new information application programs were relocated to MOSENERGO's Data Processing Center;
- organizational arrangements were effected to control the utilization of the Internet resources, as a result of which its cost was slashed 2.5 times;
- operational digital exchange of MOSENERGO's General Directorate and automatic report system of the SO-CDU – Moscow RDU dispatcher came on line;
- at all MOSENERGO facilities, subscriber stations of operators working at the balancing market were equipped with terminal devices, main and standby channels of communication with the system operator were arranged and placed in service;
- the work on creation of the first stage of the automated inventory accounting system was carried to completion.

The stock of computer facilities of the Company has been upgraded on an on-going basis. In 2005, there were procured by tender and replaced 506 personal computers out of 5000 operating in MOSENERGO.

With a view to protecting the Company's economic interests and cutting costs for acquisition of the software user rights, its operation and maintenance, as well as harmonization of software of the structural units of its General Directorate and branches, MOSENERGO in 2005 went ahead with creation of the Algorithm and Program Library, as well as with the centralized register of the Company's application software. Construction of the central document repository continues.

4.7. Environmental Protection

Environmental protection is one of the priorities of MOSENERGO who pursues a long-term ecological program of the Government of Moscow leading up to 2010. MOSENERGO is concerned about ecological well-being of Moscow and the Moscow Region, and actively introduces innovative, environmentally friendly technologies and state-of-the-art equipment.

In 2005, MOSENERGO's environmental costs amounted to RUR 888.9 million.

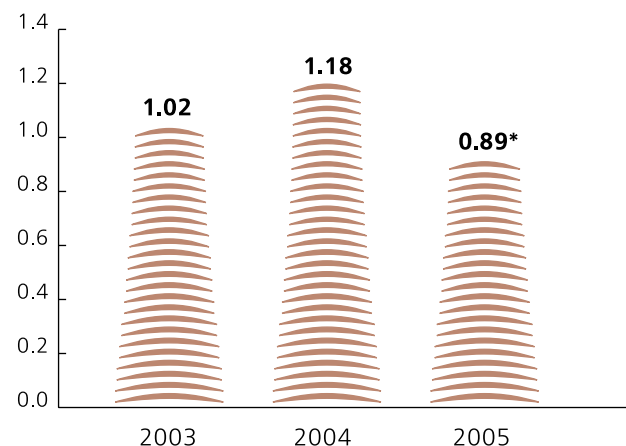
The 2005 reduction of environmental costs came on the back of MOSENERGO split-up and unbundling of a number of production facilities.

The environmental measures are financed at the expense of prime cost and profits, as well as funds allocated for implementation of target programs for improvement of the environmental situation and appropriated in the form of benefits of the profit tax payable to the Moscow budget.

Air-Pollution Control

The share of power utilities is about 5 % of all emissions in the atmosphere of the Moscow area, while the major source of pollutant emissions is motor transport accounting for over 85%.

Environmental Costs, RUR bln



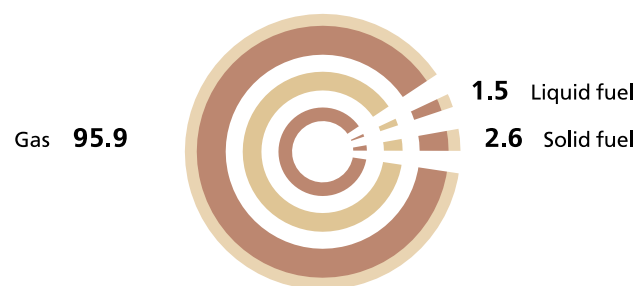
* subject to the Company operation in the 1st quarter in full muster. The reduction came on the back of MOSENERGO split-up and unbundling of a number of production facilities.

MOSENERGO's Fuel Consumption, thou tons of fuel equivalent (tfe)			
	2003	2004	2005*
Total	29,808.11	28,740.7	26,639.5
Gas	27,578.78	26,470.3	25,541.2
Liquid fuel	833.74	860.5	395
Solid fuel	1,395.59	1,409.9	703.3

* subject to the Company operation in the 1st quarter in full muster.

During the last decade, MOSENERGO not even once had exceeded the ecological rates prescribed by the national standards.

Structure of Fuel Consumption in 2005, %



The aggregate fuel consumption in the power system in 2005 (allowing for the fact that before April 1 LAPS-4, 5 and 24 operated as part of the Company) dropped by 7.3% from the 2004 level.

The reason for such saving is more than twofold decrease in consumption of liquid and solid fuels, whose principal consumers were spin-off electric power plants, and a 3.5% cut-down in gas consumption.

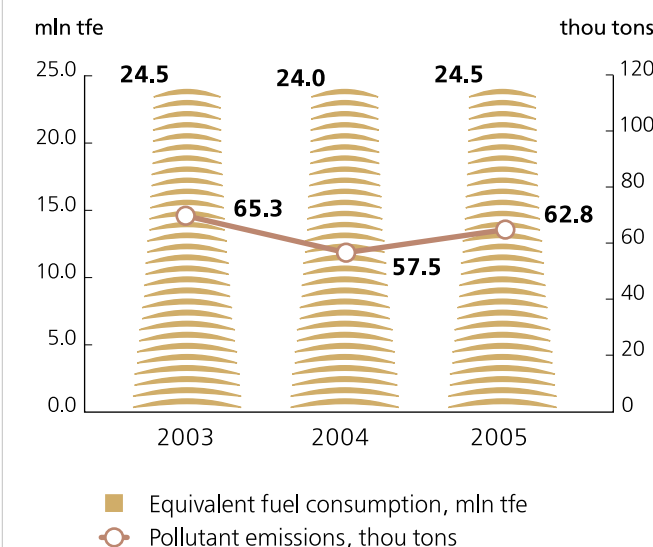
Pollutant emissions by the power system's plants in 2005 versus 2004 generally decreased by 37.1%, namely:

- particulate emissions reduced by 63.5%;
- sulfur-dioxide emissions – by 50.8%;
- nitrogen-oxide emissions – by 24%.

The established emission standards were observed by all power plants of the power system for all ingredients.

Mitigation of the technological environmental impact of the Company's operation was achieved through the Company's implementation of its environmental action plan:

Equivalent Fuel Consumption and Pollutant Emissions by Moscow CHP Plants (including TEP-22)



Action	Objective	Efficiency
Installation of clean-burn burners at boiler No. 12, TEP-20, at power boilers No. 3, TEP-1, No. 8, TEP-21, and No. 2, TEP-23	To reduce emissions of nitrogen oxides	130 tn/yr
Repair of the flue gas recirculation system at boiler No. 12, TEP-20		100 tn/yr
Repair of systems supplying fuel oil for burning with hydrodynamic treatment of liquid fuel at power boilers No. 12, TEP-8, No. 3, TEP-23, and No. 6, TEP-26		60 tn/yr
Introduction of stationary emission monitors at TEP-1, TEP-8, 12, 20, 22, 23, 25 and 26 – totally 15		50 tn/yr
Repair of the collecting electrodes shaking system at boiler No. 5, TEP-17	To reduce ash emissions	100 tn/yr
Introduction of noise suppressors at peak-load boiler No. 4, TEP-1, at the main relief valves of boiler units No. 12, TEP-8, Nos 3 & 4, TEP-20, No. 3, TEP-25, downstream of the smoke exhausters of boilers No. 7, TEP-12, Nos 8 & 9, TEP-21 (project), at the compressors of TEP-11 and 21; acoustic enclosure at cooling tower No. 2, TEP-23	To eliminate adverse noise impact on dwelling houses	
Installation of the hydrocarbon vapor condensation system at the fuel oil tanks of TEP-9	Suppression of fuel oil odor impact on the residential area	

Water-Pollution Control

Generation of electricity and heat and other industrial activities of MOSENERGO involve consumption of a considerable amount of water. The issues of reducing water consumption and recycling of water are continuously on the Company's agenda.

Adjusted for the 1st quarter operation of branches detached as from April 1, the power system's water consumption in the reporting year totaled 752.4 million cu m. The Company consumed 6.0 million cu m of drinking water for industrial needs, including 4.9 million cu m in Moscow, down 0.5 million cu m vis-a-vis 2004.

The negative effect on the water basins can be alleviated by cutting down the discharge of contaminants through treatment and recycling of discharge water in TEPs' technological cycle, downsizing the discharge into surface bodies of water, and disposal of solid wastes.

Reduction of wastewater discharge in 2005 can be also accounted for the Company restructuring (detachment of a number of waste dischargers from the Company).

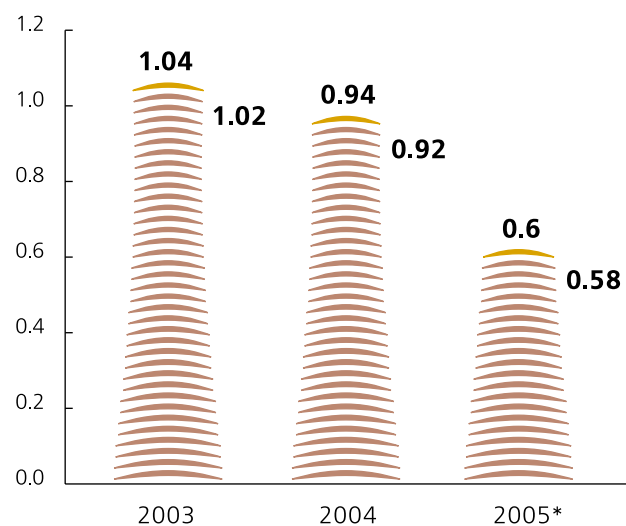
For the purposes of cutting water consumption and water discharge, improving the quality of wastewater and the effectiveness of wastewater treatment systems, our branches have elaborated and implemented the following measures:

Action	Objective	Efficiency
Refurbishment of the makeup demineralizer and regenerative air heater wastewater neutralization systems at TEP-21 & 23	To reduce discharge of acidic and alkaline waters	44 tn/yr
Introduction and repair of the existing oily water treatment systems at TEP-1, LAPS-3, TEP-6, 8, 9, 11, 12, 16, 17, 20, 21, 23, 25, 26 and 28	To reduce discharge of petroleum products	45 tn/yr
Repair of cooling towers and replacement of water traps No. 3 at TEP-8, Nos 1 & 5 at TEP-25	To reduce the drift loss	up to 0.05%
Installation, repair and adjustment of cavitation fish protection systems at LAPS-3 and TEP-12	To protect juvenile fish	80% (standard – 70%)

MOSENERGO attaches great importance to development and approval of regulatory maximum allowable limits for emissions and discharges, water consumption and sewage flow rates, obtaining of licenses for environmental activity and permits for waste disposal.

The environmental issues are tackled in accordance with the Russian law and in concert with governmental authorities regulating environmental activities of the Moscow area enterprises.

Wastewater Discharge, bln cu m/year



■ Treated to standard quality

* the reduction of wastewater discharge in 2005 is accounted for the detachment of a number of waste dischargers from the Company

4.8. Human Resource Policy

Personnel

The human resource policy is part and parcel of the Company's corporate policy. It is aimed to provide the energy company with qualified specialists, to establish high levels of safety and security of professional occupation, to improve performance capability and to preserve health of the Company's personnel.

In pursuance of a resolution of the annual general meeting of MOSENERGO shareholders, the year 2005 saw the Company reorganized in the form of separation. The corporate procedures incidental to formation of the spin-off joint stock companies and promotion of legal entities using the facilities of MOSENERGO's non-core branches had been put into effect. Every avenue for optimization of the staffing level had been explored: retraining, redeployment of staff within the Company, coordination between MOSENERGO and spin-offs in the matters of job placement.

As a result of restructuring, MOSENERGO's workforce had run down from 46,949 early in 2005 to 18,951 by the end of the year.

In the course of the year, the steps taken to optimize the Company's organizational framework after restructuring brought the branches employment size down by 20% (4,735 employees). The number of executives in the General Directorate reduced by 33.5% (from 818 to 544).

Human Resources Structure, pers (as of January 01, 2006)

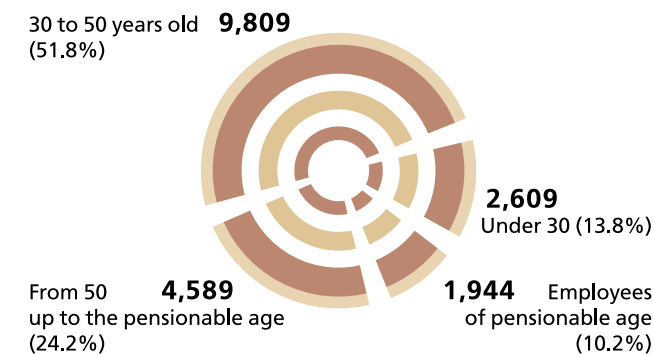
Specialists (15.8%) **2,994** **3,411** Managers (18%)

Office workers (0.8%) **152**

Workers (65.4%) **12,394**

The trend developing within recent years is toward staff rejuvenation. The share of employees who had reached the pensionable age decreased from 10.9% in 2004 to 10.2% in 2005.

Employee Age Structure, pers (as of January 01, 2006)



A 8.7% run-up of personnel turnover rate in 2005 (7% in 2004) stems from the Company restructuring.

The educational level of MOSENERGO's staff is high. 26.7% of the Company employees have a higher education. The Company's active roll includes 67 candidates of science and 7 doctors of science.

In 2005, MOSENERGO hired 125 young skills, including: 67 with higher education and 58 with specialized secondary education.

The major thrusts in the Company's personnel strategy are:

- to form highly professional full-time personnel;
- to moderate staff turnover;
- to create conditions and provide guarantees that would allow every employee to display fully his abilities, to stimulate professional growth and advancement;
- to recruit young people and ensure succession, transfer of skills and professional knowledge of experienced employees to the young ones;
- to set up a personnel reserve for filling in managers;
- to strengthen work and labor discipline.

Personnel Training

MOSENERGO continuously works on its personnel training and development, on strengthening the training base and introduction of new education facilities.¹

MOSENERGO held a professional competition of multiple-skill crews of cross-linked TEPs operating personnel on the premises of the TEP-23 simulator center. First place went to TEP-25 team, one of the 16 participants. The team of TEP-23 came in second. Third and fourth place winners were the multiple-skill crews from TEP-26 and TEP-27.

In 2005, the Company trained, retrained and provided a second job training for 634 workers. 10,045 workers and 4,671 engineers and technicians improved their qualifications.

With that, 4,937 persons had off-site training, including 3,536 persons at the Moscow Personnel Training Center.

MOSENERGO cooperates with the Moscow Energy Institute, the State Management Institute, the Moscow State Open University, post-graduate training establishment, and other educational institutions that have relevant licenses and accreditations. In 2005, these educational institutions had trained 1,951 skills.

The Company offers its employees an opportunity to enroll their children in institutions of higher education under contracts with MOSENERGO with a view to helping young people choose the right occupation and ensuring intergenerational continuity in power industry. Presently, 255 children of the Company's employees study under contracts with MOSENERGO. In 2005, 38 young professionals graduated with diplomas from institutions of higher education and were assigned to power system enterprises.

900 students go to the Non-profit Educational Institution "MOSENERGO Colledge". In 2005, the college trained 200 specialists; 95 of them studied at the department for full-time students and 105 at the correspondence department.

Occupational Health and Safety

The Company's economic efficiency depends on the reliable and accident-free operation of the equipment and personnel.

MOSENERGO introduces a psychophysiological system for ensuring the personnel's flawless professional activities and protecting their health (OHSAS18001:1999), and methodically and systematically applies the principle of occupational safety aimed at reducing the occupational traumatism rate, improving working conditions and preventing occupational diseases.

Every month through 2005, MOSENERGO organized the Labor Safety Day as a preventive measure against on-the-job accidents, in accordance with the occupational safety management system. 12,438 people got involved in this campaign.

MOSENERGO branches carried out an action plan for preventing employment injuries:

- three professional training workshops for TEP-8 and TEP-21 specialists and managers, where 32 specialists discussed security and how to set safe working conditions;
- training of the personnel to use safe working methods in TEP-8 and TEP-11 electric installations. The training gathered 380 employees;
- training in administering first-aid to victims with the participation of 638 employees from TEP-1, TEP-8, TEP-11, TEP-20, TEP-21 and TEP-23. 65 people were trained as crisis therapy instructors to provide first-aid training in the branches;
- detection of injury-prone personnel. Testing with the aid of computers was carried out at TEP-1, TEP-11, TEP-21, TEP-22, and TEP-23. The tests covered 193 employees with 33 found to have a reduced level of stability. The test results with recommendations were passed to the management of the branches and structural units as guidelines for the personnel development: its training, formation of shifts and gangs, and reassignment.

With a view to improving working conditions, the Company carried out measures aimed at making workplaces safe for the employees, trained the personnel to use safe working methods and inspected workplaces.

In 2005, the general accident rate (number of injuries per thousand workers) stood at 0.29 in MOSENERGO and 0.75 in RAO UES of Russia.

Injuries in power industry were analyzed and preventive measures elaborated.

In 2005, accident-free operation was recorded at 25 branches out of 32. At a number of branches, the accident rate was at zero-level for over 5 years.

TEP-21, TEP-25 and TEP-27 offered their employees additional incentives for ensuring fault-free operation of the equipment and making their work more efficient, including for their effort to prevent on-the-job accidents and to comply with the industrial safety rules.

In 2005, the personnel of all branches received timely a complete set of special clothing, safety shoes and other personal protective equipment.

The certification of workplaces by the criteria of working conditions was completed at MOSENERGO's branches. The total of 26,356 workplaces were certified in accordance with the standards regulating workplace conditions at the electric power industry facilities.

The results of the workplace certification had become the base for carrying out measures aimed to decrease the level of exposure, which allowed to amend conditions at the workplaces:

- for the noise and vibration factor – by 27%;
- for the gas-air environment – by 31%;
- for the quality of illumination in PC rooms – by 15%.

4.9. Social Programs

MOSENERGO is a socially oriented company.

The social policy of the Company is aimed to improve the efficiency of work and the social security system of the energy company employees.

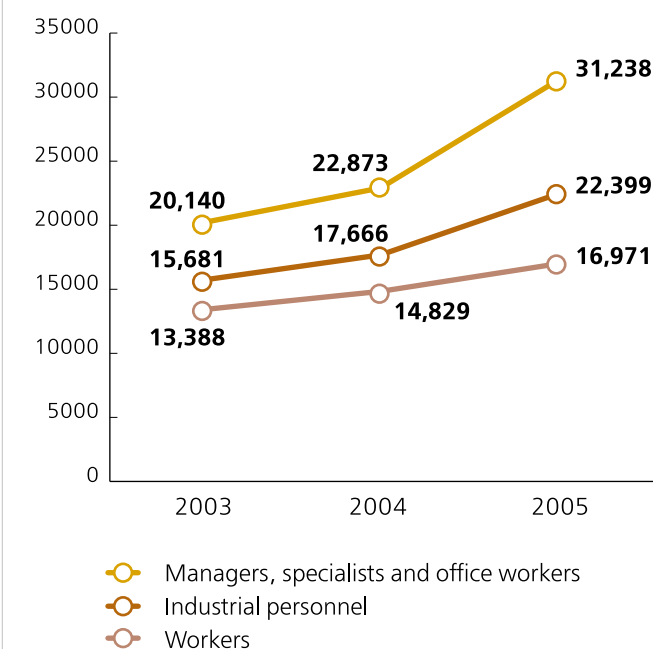
The social policy priorities of MOSENERGO include:

- improvement of the housing policy;
- medical attendance and insurance;
- treatment at sanatoria and resorts;
- recreation of children at MOSENERGO's recreational camps;
- physical culture and sport;
- culture;
- retirement insurance.

The excellent organization of a package of social programs is a basis for successful production activities.

In 2005, when the restructuring was under way, the Company's main objectives were to safeguard social and labor guarantees and to maintain the pay level fixed in MOSENERGO's tariff and collective agreements. The average monthly wage of the industrial personnel determined on the basis of the Company's actual structure in 2005 and all lines of business totaled RUR 22,399.

History of Average Monthly Wages Growth by Employee Categories, RUR



Welfare benefits, including financial aid for medical treatment during regular vacations, were provided according to the collective agreement.

Salaries and wages were paid according to the pay schedule.

The Company complied with the provisions of labor legislation concerning rating the job of industrial and office workers, managers and specialists with regard to allowances and additional leaves for working under abnormal work conditions (under harmful labor conditions, at week-ends and on holidays, for multishift work, overtime work, etc.).

The part and parcel of MOSENERGO's social work is to provide its workers with high-level and specialized medical care. MOSENERGO's priorities in medical care are disease prevention and early detection. All operating personnel undergo a preventive medical examination at the Non-profit Medical Establishment "Medsunchast MOSENERGO" on a regular basis. Arrangement of emergency medical care for victims injured in an on-the-job accident is of particular importance.

Pursuant to the sector's tariff agreement, MOSENERGO provides mandatory social insurance of all employees against accidents plus voluntary medical insurance, as well as mandatory medical insurance of employees residing in the Moscow Region. Within the framework of the voluntary health insurance agreement, medical services to MOSENERGO employees in 2005 were rendered to the amount of RUR 18.5 million. Under the accident insurance policies, benefits were paid in 136 events to the amount of RUR 1.26 million.

The organization of cultural activities and the development of amateur art of MOSENERGO's employees and their children represent a substantial part of the Company's social policy.

In 2005, well-directed efforts were taken to arrange for child recreational process. 2,688 children recreated at recreational camps during the summer holidays.

In 2005, 3,971 persons were provided with sanatorium & health resort treatment.

Organization of leisure time of workers of the power industry and their children is facilitated by 23 musical and vocal, 18 orchestral, 2 theatrical creative associations and an applied art studio created on the basis of clubs in the Company branches.

In 2005, MOSENERGO successfully held the 10th all-in Physical Culture Festival among its branches, the results of which became the base for composing MOSENERGO's picked teams of best athletes who performed successfully in various all-Russia and international competitions.

The Company consistently takes care of the Great Patriotic War veterans providing them with fringe benefits. In 2005, the Board approved a restated version of the Regulation on Benefits for the Veterans of the 1941-1945 Great Patriotic War and the Regulation on Benefits for the Veterans of the Labor Front of the 1941-1945 Great Patriotic War. Under the former Regulation, welfare assistance to the war veterans was raised. In 2005, RUR 8.6 million was allocated for the welfare assistance. Welfare assistance to the veterans of the labor front amounted to RUR 10.18 million.

The Company provides social assistance to pensioners who had been formerly in the employment of MOSENERGO. Idle pensioners receive out-patient service free-of-charge at the Nonprofit Medical Establishment "Medsanchast MOSENERGO" and in-patient service at the Tsentrosoyuz and Udelnoe hospitals. All retired pensioners of the Company receive an additional non-state pension from the MOSENERGO's Non-state Pension Fund.

MOSENERGO's social policy makes the Company attractive for employees, and that help retain skills, stabilize the collective, and attract newly-fledged specialists.

Following the results of the 4th Russian National Contest "The Russian Organization of High Social Effectiveness" MOSENERGO came in a good third in the nomination "Implementation of Social Programs and Development of Local Community". The Company won that award through successful implementation of a package of social programs.

4.10. Ethical Principles of Operation

MOSENERGO abides by the ethical code and rules for the conduct of business, which require honesty and sincerity among the participants of business relations: the Company and energy market players (reliable and uninterrupted power supply and payment for it in due time), the Company and its employees (payment of wages and salaries for conscientious work without delays, application of systems of material and moral incentives), the Company and the Moscow area (welfare, concern for protection of human health and environment), the Company and its shareholders (payment of dividends, protection of the rights of shareholders, information transparency).

MOSENERGO values its reputation. The Company in its activity is guided not only by economic interests, but also by social responsibility rationale. MOSENERGO observes the rights and protects interests of the energy company's employees. An effective social safety net prevents personnel defections and is the basis of successful production activities. The Company always sticks close to the tariff agreements under which it pays wages, hardship allowances and makes other payments in a timely manner and in full. Development of the system of material and moral incentives for the personnel is the prime concern of MOSENERGO's management.

Welfare and charitable programs remain customary for the Company and part and parcel of the values of corporate ethics. Socially important projects uphold the well-deserved reputation of MOSENERGO, foster a stronger spirit of corporate solidarity, and considerably broaden the scope of constructive cooperation with shareholders, governmental authorities, consumers and partners.

Being the largest regional power utility in Russia, MOSENERGO considers it to be its duty and honor commitment to give support to the Russian culture, education, sports. The Company has a Charity and Welfare Commission, which selects the most significant charitable schemes and exercises a follow-up control.

The objects of address aid of MOSENERGO include the Laura of the Holy Trinity and St. Sergius, Nikolo-Ugreshsky Monastery, Irina Arkhipova Foundation, "Chernobyltsy Mintopenergo" (Chernobyl Cleaners of the Ministry of Fuel and Energy) charitable organization, Public Union of Football Clubs of Handicapped, UN and UNESCO Foundation "Illustrated Books for Little Blind Children". In 2005, MOSENERGO organized a charitable New Year's party for children of killed servicemen and combatants of military units of the Moscow garrison.

In 2005, for popularization and improvement of the status of the powerman profession, MOSENERGO went on with organization of excursions to its facilities in Moscow and the Moscow Region. Beginning from September 2005, Moscow comprehensive schools' curriculum includes electrical safety classes. For the fifth time, MOSENERGO held its open contest for the best graduation project and the best term project in the domain of natural and engineering sciences amongst students of Russian institutions of higher education.

4.11. MOSENERGO Brand

MOSENERGO is one of the foremost and oldest Russian companies operating in the territory of the Moscow area. For years, MOSENERGO insignia is a carte-de-visite of the Company and is important for its recognizability. At the present time the insignia can be seen not only on numerous power facilities, billboards, on sides of bright vehicles of the energy company, but also in news pages and on TV screens.

After reorganization, MOSENERGO had retained its brand incorporating 17 TEPs and a number of service branches that generate the bulk of electricity and heat in the Moscow area.

5

FINANCIAL PERFORMANCE OVERVIEW



5.1. Profit

MOSENERGO's profit on sales of marketable products in 2005 amounted to RUR 7,834.1 million, including the profit on the electricity and heat sales of RUR 7,282.3 million.

The profit on electricity sales in 2005 totaled RUR 6,279.7 million with that on heat sales scoring RUR 1,002.6 million.

The pretax profit (adjusted for operating and non-sale revenues and expenditures) worked out at RUR 3,155.7 million, profit tax – RUR 1,073.8 million.

After the profit tax and other mandatory payments the net profit of the Company came to RUR 2,081.9 million, down RUR 125.8 million versus 2004.

Notes to formation of fiscal effects are given in Section 6.11 – Notes to Financial Statements.¹

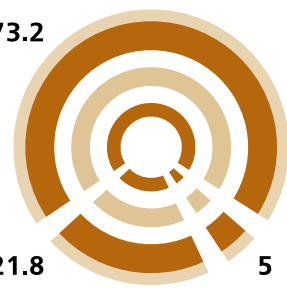
Distribution of Profits, RUR'000

	2003	2004	2005*
Retained earnings	1,730,981	2,207,693	2,081,926
Reserve capital	86,549	110,385	104,096
For accumulation	1,031,305	1,472,997	1,523,863
Dividends	613,127	624,311	453,967

* It is suggested that the figures be approved by the general meeting of shareholders.

Distribution of 2005 Net Profit, %

Accumulation fund **73.2**



Dividends **21.8** Reserve capital **5**

5.2. Sales

In 2005, the cash-based sales of commercial output (net of VAT) yielded RUR 71.0 billion, including RUR 66.9 billion as the profit on electricity and heat sales.

After the Company restructuring, the function of electricity sales both to ultimate consumers and to the wholesale market was transferred from MOSENERGO to OAO Mosenergosbyt. Beginning from May 1 and through the end of 2005, mutual payments between MOSENERGO and OAO Mosenergosbyt were effected based on the tariffs set without consideration of the electricity transmission and distribution cost in view of the business split-up in the course of the Company restructuring.

The post-restructuring heat sales to consumers are handled by Energosbyt, a MOSENERGO branch. Proceeds from sale of thermal power spurred by 21.7% in connection with boosting of effective deliveries of heat and heat tariffs as compared with 2004.

The Company performs an ongoing work to gain a 100-percent payment for the energy supplied and to recover consumer debts.

The overall level of payments for the commercial output in 2005 stood at 95.6% with the consumers settling accounts with respect to 95.8% of electricity and 95.3% of heat.

From January to April 2005, MOSENERGO was active at the wholesale electricity market. In this period, 5.1 billion kWh, up 3.6 billion kWh vis-a-vis the same period of 2004, was purchased in the regulated sector of the wholesale electricity market to the amount of RUR 3.3 billion. MOSENERGO did not supply electricity to the regulated WEM sector.

In the free market sector, MOSENERGO purchased 53.0 million kWh of electricity to the amount of RUR 26.8 million and sold 3.0 billion kWh to the amount of RUR 1.6 billion.

Sales of electricity made it possible to boost generation of MOSENERGO's power plants by 0.56 billion kWh.

From January to April 2005, MOSENERGO had managed to reduce the volume of discrepancies between the actual and planned generation (consumption) of electricity in the discrepancy sector by half from the same period of 2004, and the amount of payments received by MOSENERGO in this sector rose by RUR 174.0 million.

MOSENERGO's active operations at the wholesale electricity market resulted in reduction of the average purchase tariff by 5.2 kopecks/kWh in comparison with that approved by the FST of Russia for the WEM's regulated sector (51.8 kopecks/kWh), as a result of which the cost cutout amounted to RUR 192.0 million.

¹ p. 82

In 2005, MOSENERGO continued to work under direct contracts in the WEM's free market sector. Direct contracts were signed with OAO Yaroslavl Supply Company, OAO Kostroma Supply Company and ZAO Inter RAO UES. Under the contracts, the Company supplied 475.9 million kWh of electricity to the amount of RUR 269.0 million and purchased 21.3 million kWh to the amount of RUR 10.8 million.

On October 20, 2005, Russia opened up its balancing market of electricity, which forms a constituent part of the discrepancy sector. The WEM's balancing segment offers electric energy generated in excess of the planned volumes. The purpose of setting-up the balancing market is cost-effective loading of generation facilities based on minimization of electricity supply cost, and objective pricing at the WEM.

The balancing market will function until a model of the liberal electricity market with a mechanism of bilateral contracts is in place (approximately until April 1, 2006). After its launching, the balancing segment will be reformed into the balancing sector of the WEM.

As from January 1, 2006, MOSENERGO once again has become an independent WEM player and sells electricity in all its sectors.

As of January 01, 2006, the Company's accounts receivable stood at RUR 6.3 billion, down RUR 2.1 billion, or 25%, as compared with the beginning of the year.¹

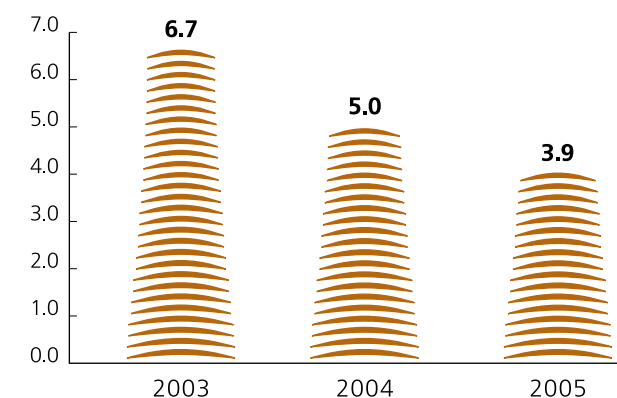
Consumers' backlog of payments for the electricity and heat deliveries, including the wholesale electricity market, as of January 01, 2006, amounted to RUR 4.6 billion, a 2.5 times cutback versus the beginning of the year.

¹ p. 86

The accounts due from buyers and customers in the balance sheet are stated as a net estimate unadjusted for the provision for doubtful debts. As of January 01, 2006, it was RUR 3.9 billion, a 21.2% reduction against the top of the year.

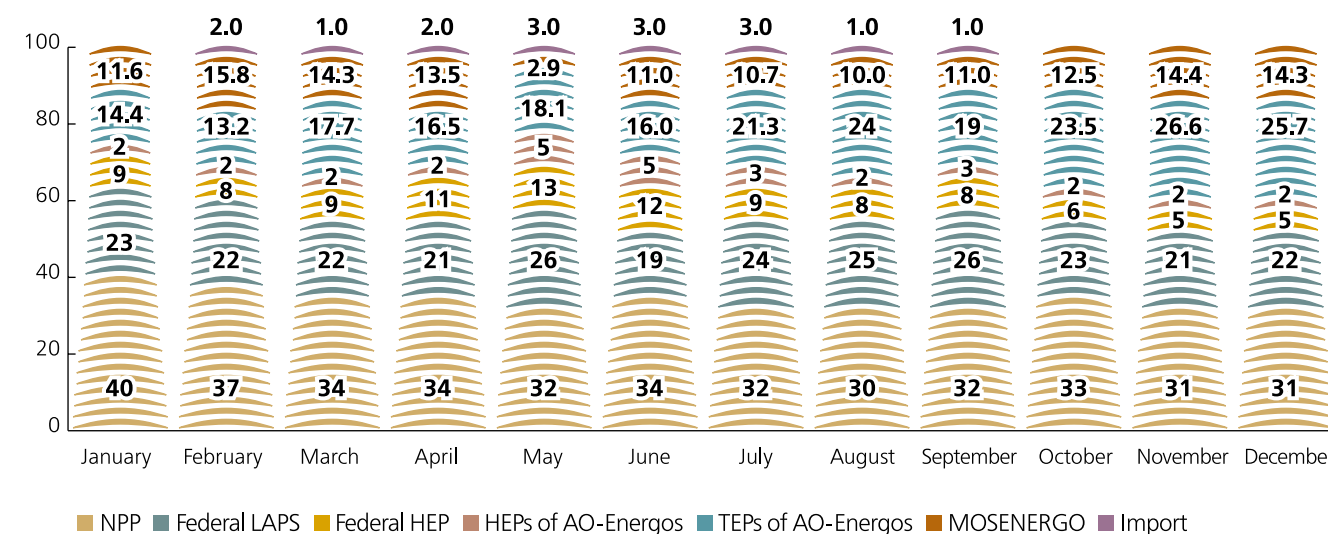
The amount of advances paid shrunk 2.3 times vis-a-vis the beginning of the year driven by the Company's policy aimed to scale down diversion of cash assets from the business cycle.

History of Short-term Receivables Due from Buyers and Consumers (VAT included), RUR bln



A moratorium debt of RUR 72.7 million and bad debts of RUR 8.7 million formed in the accounts receivable due from consumers. Those debts cannot be recovered without implementation of a long-term action program. The Company carries out a methodical work to recover debts, including in a judicial proceeding.

MOSENERGO's share of electricity for sale in the WEM's free market sector, %



5.3. Cost Management

The production cost of MOSENERGO's commercial output in 2005 (allowing for the fact that in the 1st quarter the Company operated in full muster) totaled RUR 63.1 billion, including 59.7 RUR billion of energy generation costs.¹

The generation cost of 1 kWh of electricity amounted to 58.83 kopecks/kWh, and the generation cost of 1 Gcal of heat to 385.97 RUR/Gcal.

The cost of fuel contributed RUR 29.5 billion to the generation costs making up 49.5% thereof.

The price of the primary fuel, natural gas, in 2005 was RUR 1,240 per thousand cu m, up 21.8% over 2004.

A ton of fuel oil cost RUR 2,464.9, down 2.7% from the level of 2004, owing to consumption of fuel oil reserves purchased earlier at a lower price.

Kuznetsk coal was procured at RUR 1,080.3 per ton, inclusive of the railroad tariff, rising 23.3% against 2004.

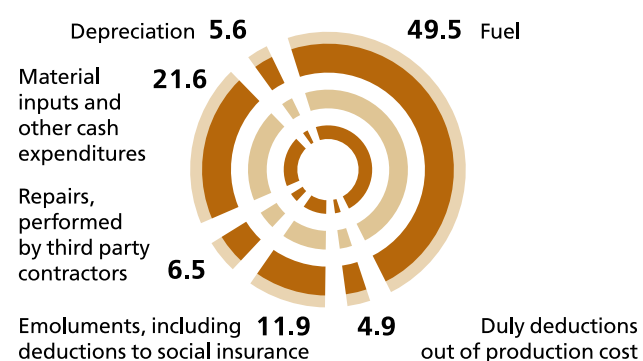
The average price of equivalent fuel increased by 16.4% year on year.

MOSENERGO's maintenance costs (taking into account that in the 1st quarter it operated in corpore) reached RUR 7.4 billion, including RUR 5.1 billion at the power plants incorporated in the Company after its restructuring.

It is important to note that where repairs are conducted by contractors engaged on a competitive basis, as well as thanks to the price setting control, the maintenance expenses do not exceed the target value.

The payroll costs, including allocations, amounted to RUR 7.1 billion, or 11.9%.

Breakdown of Energy Generation Costs in 2005, %



MOSENERGO places a high emphasis on the creation of expenditure optimization mechanisms in order to increase the Company profitability. This work is carried out in accordance with the cost management program.

The actual fulfillment of the program in 2005 accounted for RUR 693.1 million, which is 1.3 times higher than the target figure mainly due to a reduction in the fuel purchase costs (RUR 274.3 million with the target of RUR 252 million), economy during performance of production-related works and services (RUR 164.3 million with the target of RUR 144.8 million), and optimization of the Company's operating and non-core activities saving RUR 110.3 million with the target of RUR 6.3 million.

With a view to optimizing appropriation of MOSENERGO's financial resources, making contracts under the most favorable for the Company conditions, structural units hold tenders and follow regulated off-tender procedures in all areas of activities.

MOSENERGO goes by the following regulations approved by the Board of Directors:

- on the standing Central Buying Committee of MOSENERGO;
- on the procedure for regulated procurement of goods, works and services for MOSENERGO's needs.

The Standing Central Buying Committee of MOSENERGO makes sure that a concerted policy is framed and pursued in the field of procurement of goods, works and services for MOSENERGO's needs. For the competitive procedures (tenders, requests for proposals, price inquiries), the Company sets up ad hoc committees.

In their work, MOSENERGO's buying committees are guided by the Regulation on the Procurement of Goods, Works and Services for MOSENERGO's Needs¹, which regulates the procedure for acquisition of any goods, works and services at MOSENERGO's expense over RUR 0.2 million worth (net of VAT).

The procurements go along the following lines:

- fuel for power plants;
- capital construction (goods, works, and services);
- reconstructions and technological upgrades of power facilities and other investment outlays (goods, works, and services);
- maintenance and repair of power facilities (goods, works, and services);
- consultancy services in the field of restructuring;
- services in property management;
- administrative and business products (goods, works, and services);
- miscellaneous procurements (auditing services, consulting services, leasing, insurance, etc.).

The volume of purchases in 2005 totaled RUR 10.6 billion (net of VAT).

740 competitive procedures yielded en masse RUR 6.3 billion, including:

- 16 open tenders to the amount of RUR 2.95 billion;
- 389 closed tenders to the total amount of RUR 1.56 billion;
- 39 open requests for proposals to the total amount of RUR 0.2 billion;
- 285 closed requests for proposals to the total amount of RUR 1.5 billion;
- 9 open price inquiries to the total amount of RUR 9.2 million;
- 2 closed price inquiries to the total amount of RUR 1.1 million.

Aside from that, the Company awarded 552 sole-sourced contracts to the total amount of RUR 4.3 billion.

All information on MOSENERGO's procurement activities is available on the Company's website.¹

5.4. Attainment of Key Performance Indicators

The key performance indicators (KPI) of the Company are established by the Executive Board of RAO UES of Russia, approved by MOSENERGO's Board of Directors and are measures of efficiency of the Company's management.

Attainment of the Company's Key Indicators in 2005				
Indicator	Target	Actual	Deviation	Calculation formula
Annual KPI				
Return of equity (ROE), %	5.16	5.39	0.23	$(f.2\ 190 / f.1\ 490) \times 100\%$
Limit of operating costs, RUR thou	55,811,995	55,106,386	-705,609	-
Quarterly KPI (4th quarter)				
Terminal liquidity ratio	0.65	0.63	-0.02	$(f.1\ 240 + f.1\ 250 + f.1\ 260) / (f.1\ 610 + f.1\ 620 + f.1\ 630 + f.1\ 660)$

¹ p. 82

¹ 4.

Based on the annual returns of 2005, **the return of equity (ROE)**, estimated as a ratio of net profits to net worth, came up 0.23 points vis-a-vis the business plan driven by a RUR 88 million profit increase against the target.

The limit of operating costs shows the Company's production expenses to the exclusion of fixed costs that are invariant with the amount of products supplied (depreciation, taxes, payroll fund, etc.).

The Company's limit of operating costs totaled RUR 55,106.4 million with the target of RUR 55,812.0 million, a RUR 705.6 million cutback.

The terminal liquidity ratio characterizes the Company's ability to honor its short-term liabilities using its own resources and accounts receivable for the product supplied. A 0.02 point reduction of the acid-test ratio versus the target came on the back of a decrease of the accounts receivable with simultaneous increase of the current accounts payable driven by a growing arrears of capital construction attributable to the acquisition of assets with payment deferred to 2006 under the terms and conditions of the contracts.

5.5. Tariff Policy

Through 2005, MOSENERGO billed its buyers for the electricity and heat deliveries in compliance with the tariffs set by the FST of Russia, Moscow REC, the Energy Committee of the Moscow Region (MREC), as well as per the WEM's free sector tariffs.¹

Tariffs for electricity and heat in effect for the retail market consumers were put into practice as from January 1, 2005, by Moscow REC Ordinance No. 63 of December 15, 2004, for consumers situated in the territory of Moscow, and by Minutes No. 34 of the MREC Executive Board dated December 30, 2004, for consumers situated in the territory of the Moscow Region.

In connection with MOSENERGO reorganization as from April 1, 2005, the Company uses tariffs approved by Moscow REC Ordinance No. 30 of March 31, 2005, and by Minutes No. 7 of the MREC Executive Board dated April 14, 2005:

- for heat generation – 265.49 RUR/Gcal,
- for electricity generation:
 - one-part tariff – 48 kopecks/kWh;
 - dual-rate tariff:
 - power rate – 77.397 RUR/kW per month;
 - energy rate – 30.52 kopecks/kWh.

Tariffs for heat consumers set as from January 1, 2005, remained unchanged and were confirmed by Moscow REC Ordinance No. 25 of March 25, 2005, and by Minutes No. 7 of the MREC Executive Board dated April 14, 2005.

Electricity

The Moscow area's average statutory charge for electricity in 2005 climbed 13.2%, including: 12.2% in Moscow, 14.2% in the Moscow Region.

Electricity for In-house Consumers, kopecks/kWh

	MOSENERGO	Moscow	Moscow Region
Annual average schedule rate as from January 1, 2005	112.16	115.47	108.23
Accretion to the schedule rate effective before January 1, 2005, %	13.2	12.2	14.2
Average sale tariff for 2005 (1st quarter)	108.95	111.42	106.26

The average sale tariff for electricity is below the schedule rate on account of the Moscow REC's setting of the economic redevelopment tariffs for industrial enterprises pursuing the Energy Saving Program (Resolutions No. 90 of December 31, 2004, and No. 28 of March 31, 2005), as well as owing to the fact that households in January 2005 paid for the energy consumed in December 2004 at the last year's rate.

¹ 1.11.

Trends in Change of the Average electricity Sale Tariff in 2005

	Average electricity sale tariff (kopecks/kWh)		
	In-house consumers (1st quarter)	Regulated segment of the WEM (2nd to 4th quarters)	Competitive sector
Target	111.57	48.62	–
Actual	108.95	48.09	52.19

With a view to normalize industry operation and to create favorable conditions for the Moscow area's economic advancement, the tariff policy of the regulatory authorities is aimed at gradual elimination of cross-subsidization among the customer groups. In this context, the residential rates in Moscow grew by 25% vis-a-vis 2004, whereas for the large-scale industry the rates advanced 10%, and for non-industrial consumers – 11%. This had made it possible to as good as eliminate cross-subsidizing of households for the account of other consumer groups. However, cross-subsidizing of households in the Moscow Region still exists.

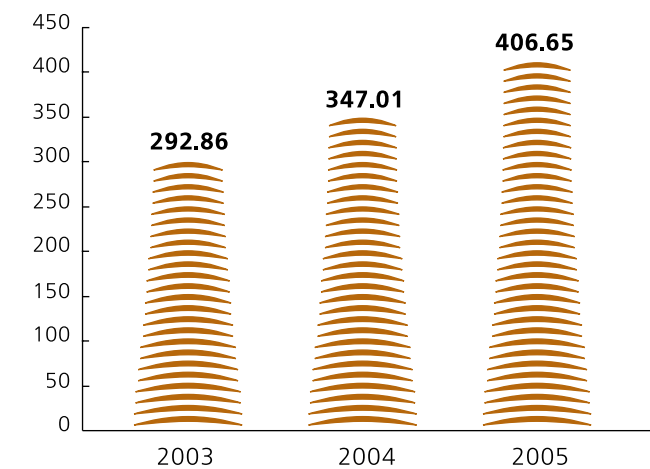
In the course of restructuring, MOSENERGO accomplished an extensive work estimating economically feasible tariffs for energy companies formed as a result of the restructuring. They can be found on MOSENERGO's website.¹

The tariff calculations were based upon the gross volume of the marketable product estimated on the basis of the Moscow area's consolidated electrical balance approved by the FTS of Russia subject to invariability of tariffs for ultimate consumers of electricity and heat imposed by the Moscow REC's and Moscow Region Energy Committee's Ordinances as from January 1, 2005.

Heat

MOSENERGO's average statutory charge for heat in 2005 ramped up 16.9%, including 16.6% in Moscow, 22.9% in the Moscow Region

Average heat sale tariff, RUR/Gcal



Heat, RUR/Gcal

	MOSENERGO	Moscow	Moscow Region
Annual average schedule rate as from January 1, 2005	409.89	409.47	417.46
Accretion to the schedule rate effective before January 1, 2005, %	16.9	16.6	22.9
Average sale tariff for 2005	406.65	407.09	397.41

¹ 1.11.

Type of energy	MOSENERGO	Moscow	Moscow Region
Electricity (kopecks/kWh)			
Annual average schedule rate as from January 1, 2005	112.16	115.47	108.23
Average sale tariff for 2005 (1st quarter)	108.95	111.42	106.26
Generation cost	58.63		
Margin, %	19.0		
Heat (RUR/Gcal)			
Annual average schedule rate as from January 1, 2005	409.89	409.47	417.466
Average sale tariff for 2005	406.65	407.09	397.41
Generation cost	385.97		
Margin, %	3.8		

The heat generation tariffs set in 2005 made this business profitable.

The sale tariff for heat is below the schedule rate for the account of the Moscow REC's setting of the economic redevelopment tariffs and the Moscow Region Energy Committee's setting of the preferential tariff for the Housing and Utilities Municipal Unitary Company of Stupino (Resolutions No. 90 of December 31, 2004, and No. 27 of March 31, 2005), as well as for the account of steam saving.

Work with the FST of Russia, Moscow REC and Moscow Region Energy Committee on determination of the tariffs level that would ensure a break-even energy generation and development of the power system is a MOSENERGO's priority.

6

FINANCIAL STATEMENTS

MOSENERGO prepares annual financial statements in accordance with the Russian Financial Reporting Standards, as well as in agreement with the International Financial Reporting Standards (IFRS).

The financial statements prepared in accordance with the Russian Financial Reporting Standards for the year ended on December 31, 2005, are presented in this section of this Annual Report.

The financial statements prepared in accordance with the International Financial Reporting Standards for the year ended on December 31, 2005, can be found on the Company's website in the "To Our Shareholders and Investors" section.¹

6.1. Management's Opinion on Financial (Accounting) Statements

The financial (accounting) statements of MOSENERGO are made out in full compliance with the legislative and regulatory acts in force in the Russian Federation.

The Company's management bears full responsibility for preparation of financial (accounting) statements to give a true and fair view of MOSENERGO's property status, financial results and cash flow for the year ended on December 31, 2005.

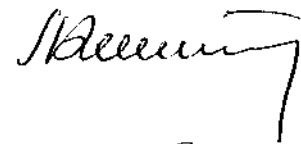
The Company has a system of auditing of its financial and economic activities. Members of the Audit Commission were approved by the General Meeting of Shareholders on June 28, 2005.

The financial (accounting) statements for 2005 were examined by PricewaterhouseCoopers Audit, an independent private firm of auditors, approved as the Company auditor by the General Meeting of Shareholders held on June 28, 2005. The independent auditors carried out their audits within the framework of generally accepted auditing standards. In the course of the audit, auditors had access to financial (accounting) statements and other documents, as well as followed the prescribed procedures with a view to obtain adequate grounds for expression of their opinion about the compliance of the financial (accounting) statements with the requirements of the legislation in force and absence of material distortions therein.

Based on the results of the conducted audit, MOSENERGO's management obtained pertinent reports confirming the authenticity in all material respects of the data contained in the financial (accounting) statements and compliance of the accounting practices with the Russian Federation legislation.

The annual financial (accounting) statements of MOSENERGO for the year ended on December 31, 2005, was approved on March 21, 2006, on behalf of the management by:

General Director



A.Ya. Kopsov

Chief Accountant



T.P. Dronova

6.2. Opinion of the Audit Commission of MOSENERGO, Open Joint Stock Company for Energy and Electrification

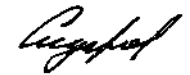
April 3, 2006

Moscow

The Audit Commission of MOSENERGO, Open Joint Stock Company for Energy and Electrification, elected by the general meeting of shareholders on June 28, 2005, acting within the powers defined by the Federal Law "On Joint Stock Companies", the Charter of MOSENERGO, Open Joint Stock Company for Energy and Electrification, and the Articles of the Audit Commission of MOSENERGO, Open Joint Stock Company for Energy and Electrification, has audited financial and economic activities of the Company in 2005.

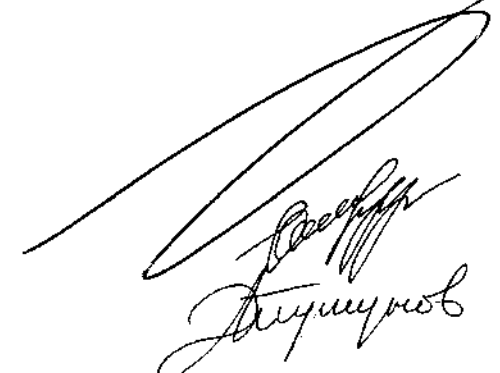
Based on the audit findings and taking into account an unqualified opinion by PricewaterhouseCoopers Audit, a private company, on the financial (accounting) statements dated March 24, 2006, the Audit Commission concludes that the data contained in the annual report of MOSENERGO can be recognized as authentic.

Chairman of the Audit Commission



S.B. Sidorov

Members of the Commission:



A.V. Gabov

O.A. Sannikova

D.Yu. Tushunov



I.I. Uzgorov

6.3. Auditor's Report



ZAO PricewaterhouseCoopers Audit Kosmodamianskaya Nab. 52, Bld. 5
115054 Moscow
Russia
Telephone +7 (495) 967 6000
Facsimile +7 (495) 967 6001

AUDITOR'S REPORT**on statutory financial statements of Open Joint Stock Company of Energy and Electrification "Mosenergo"**

To the shareholders of Open Joint Stock Company of Energy and Electrification "Mosenergo":

- 1 We have audited the attached statutory financial statements of Open Joint Stock Company of Energy and Electrification "Mosenergo" (hereinafter referred to as the Company) for the period from 1 January up to 31 December 2005. Statutory financial statements of the Company consist of Balance Sheet, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement, Supplement to the Balance Sheet, Explanatory Notes (hereinafter all the statements together are called "statutory financial statements"). The statutory financial statements were prepared by the management of the Company in accordance with the legislation of the Russian Federation applicable to statutory financial statements preparation. Such statutory financial statements differ to a significant extent from those prepared in accordance with International Financial Reporting Standards.
- 2 Preparation of the statutory financial statements is the responsibility of the executive body of the Company. Our responsibility as auditors is to express our opinion on fairness in all material respects of these statutory financial statements and on whether accounting is conducted in accordance with the Russian legislation based on our audit.
- 3 We conducted our audit in accordance with The Federal Law "On auditing activity", Federal Auditing Standards, International Standards on Auditing and our internal standards. Our audit was planned and performed to obtain reasonable assurance about whether the statutory financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statutory financial statements, assessing compliance with accounting principles, techniques and rules of statutory financial statements preparation, evaluating significant estimates made by the management of the Company and also assessment of statutory financial statements presentation. We believe that our audit provides a reasonable basis for our opinion on these statutory financial

TRANSLATOR'S EXPLANATORY NOTE: The above translation of the Auditor's report is provided as a free translation from Russian, which is the official and binding version. The English translation of enclosed financial statements does not contain the English translation of the Explanatory Notes, which are enclosed in the official Russian version of the Auditor's report.

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**AUDITOR'S REPORT**

statements and on whether accounting is conducted in accordance with the Russian legislation.

- 4 Audit of the Company's 2004 statutory financial statements was performed by the firm "RSM Top-Audit", which have issued an opinion with an emphasis of matter. We did not audit comparatives in the Company's 2005 statutory financial statements.
- 5 The Company is accounting for fixed assets at revalued (replacement) cost. The last revaluation was performed as at 1 January 2002. Changes in the economy which took place during the period since the date of the last revaluation give evidence of material change of the revalued (replacement) cost of these fixed assets, which was not recognized in the Company's 2005 statutory financial statements.
- 6 In our opinion, except for the effect on the statutory financial statements of the matters referred to in paragraph 4 of this report, and also except for the effect of such adjustments, if any, as might have been required had we been able to examine sufficient evidence regarding the matters referred to in paragraph 5 of this report, the statutory financial statements of the Company attached to this auditor's report fairly present, in all material respects, the financial position of the Company as at 31 December 2005 and financial results of its operations for the period from 1 January up to 31 December 2005 in accordance with requirements of the legislation of the Russian Federation applicable to statutory financial statements preparation.

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AUDITOR'S REPORT

- 7 Without changing our opinion about fairness of the statutory financial statements, we draw attention to information in the paragraph 3.18. of the Company's 2005 Explanatory about activities discontinued by the Company in the year 2005.

24 March 2006

Director of joint stock company

A.V. Chmel

Statutory auditor
Certificate No K 008770
for general audit (termless)

S.A. Blokhin

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All references in this Auditor's Opinion to the "enclosed financial (accounting) statements" and to the "Explanatory Note" pertain to the documents prepared in the forms approved by the applicable RF legislation unadapted for ease of reading and not represented in the given annual report. For copies of the documents, contact MOSENERGO.

6.4. Profit and Loss Statement

Metric	Note No.	2005	2004
RUR'000			
I. Income and expenditure for core activities			
Proceeds from sales of goods, products, works, services (net of VAT, excises and similar mandatory payments)	[1]	71,010,108	89,340,979
Production cost of goods, products, works, services sold	[2]	(63,108,986)	(75,672,995)
Gross profit		7,901,122	13,667,984
Business expenses		(67,038)	(68,457)
Management expenses		-	-
Sales profit		7,834,084	13,599,527
II. Other income and expenditure			
Interest receivable		3,400	2,250
Interest payable		(1,131,400)	(1,270,145)
Revenues from interest in other organizations		4,713	5,851
Other operating income	[3]	1,875,300	6,240,852
Other operating expenses	[3]	(3,858,456)	(11,303,666)
Nonoperating income	[4]	1,107,956	1,182,174
Nonoperating expenses	[4]	(2,679,882)	(3,443,772)
Pre-tax profit		3,155,715	5,013,071
Deferred tax assets		(215)	1,420
Deferred tax liabilities		(32,941)	(150,193)
Profit tax expense – current		(1,040,633)	(2,656,605)
Net profit		2,081,926	2,207,693
For reference			
Standing tax liabilities (assets)		294,751	1,615,610
Basic earnings (loss) per share		0.074	0.078
Diluted earnings (loss) per share		-	-

6.5. Decoding of Individual Profits and Losses

Metric	2005	2004
RUR'000		
Penalties, fines and forfeits recognized or imposed by decision of the court (arbitration)		
profit	108,512	45,748
loss	311,614	10,286
Profit (loss) of previous years		
profit	71,605	394,158
loss	178,828	186,904
Reimbursement for losses inflicted by nonfulfillment or improper fulfillment of obligations		
profit	1,341	592
loss	4,157	2,143
Differences in rates of exchange for transactions in foreign currency		
profit	55,071	213,544
loss	114,013	85,586
Allocations toward assessed reserves		
loss	1,475,128	7,600,354
Writing off of accounts receivable and payable with expired period of limitation		
profit	1,771	1,858
loss	15,871	183,265

6.6. Balance Sheet

		RUR'000	
ASSETS	Note No.	as of 31.12.2004	as of 31.12.2005
I. NONCURRENT ASSETS			
Intangible assets		44	42
Fixed assets	[5]	100,572,605	38,330,619
Construction in progress	[6]	9,433,502	2,951,279
Income-bearing placements in tangibles		0	0
Long-term financial investments	[7]	67,289	31,387
Deferred tax assets	[8]	3,181	339
Sundry noncurrent assets		0	0
Section I TOTAL		110,076,621	41,313,666
II. CURRENT ASSETS			
Inventories	[9]	5,860,420	3,320,635
including:			
stores, supplies and other similar valuables		5,062,991	3,058,725
rears and fatteners		68,603	73,547
expenditures for work in progress (distribution costs)		189,060	38,270
finished products and goods for reselling		48,973	32,311
goods forwarded		0	0
deferred expenses		490,793	117,782
other inventories and expenses		0	0
Value-added tax on valuables acquired	[10]	2,652,292	1,006,954
Receivables (expected to be paid in more than 12 month from the reporting date)	[11]	143,160	72,908
including:			
buyers and customers		60,236	10,054
Receivables (expected to be paid within 12 month after the reporting date)	[12]	8,297,452	6,257,111
including:			
buyers and customers		4,991,685	3,929,555
Short-term financial investments	[13]	26,672	17,392
Monetary assets	[14]	4,990,673	2,538,256
Sundry current assets		0	0
Section II TOTAL		21,970,669	13,213,256
BALANCE		132,047,290	54,526,922

		RUR'000	
LIABILITIES	Note No.	as of 31.12.2004	as of 31.12.2005
III. CAPITAL AND RESERVES			
Charter capital		28,249,360	28,249,360
Company stocks redeemed from stockholders		0	0
Additional capital	[15]	72,429,312	8,910,561
Reserve capital	[16]	397,954	508,339
including:			
reserve funds formed in compliance with the legislation		397,954	508,339
reserve funds formed in compliance with the constituent documents		0	0
Retained earnings (uncovered loss)	[17]	4,903,295	950,187
Section III TOTAL		105,979,921	38,618,447
IV. LONG-TERM LIABILITIES			
Loans and credit facilities	[18]	1,498,120	957,188
Deferred tax liabilities	[19]	746,128	331,976
Other long-term liabilities		0	0
Section IV TOTAL		2,244,248	1,289,164
V. SHORT-TERM LIABILITIES			
Loans and credit facilities	[20]	10,545,886	8,856,645
Accounts payable	[21]	11,064,236	5,115,780
including:			
suppliers and contractors		4,030,618	2,507,968
accrued payroll		390,150	210,237
debts payable to public extra-budgetary funds		101,957	62,859
arrears of taxes and levies		2,995,461	844,153
other accounts payable		3,546,050	1,490,563
Arrears of revenues payable to members (founders)		579	296
Deferred incomes	[22]	2,212,420	646,590
Provision for Liabilities and Charges		0	0
Other short-term liabilities		0	0
Section V TOTAL		23,823,121	14,619,311
BALANCE		132,047,290	54,526,922

6.7. Statement of Valuables on Off-balance Sheet Accounts

Metric	RUR'000	
	as of 31.12.2004	as of 31.12.2005
Fixed assets taken on lease	8,582,828	178,454
including on long-term leasing	433,824	166,523
Inventory taken for safekeeping	96,879	101,393
Goods taken on commission	0	0
Bad debts written off to losses	1,841,216	2,509,951
Security for liabilities and payments received	232,484	347,098
Security for liabilities and payments issued	8,519,181	4,272,752
Depreciation of housing stock	8,463	7,296
Depreciation of utilities and other similar facilities	0	0
Intangible assets received for use	0	0

6.8. Statement of Change in Owners' Equity**I. Alteration in Capital**

Metric	RUR'000				
	Charter capital	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Balance as of December 31, 2002	28,267,726	72,707,691	311,405	3,165,569	104,452,391
2004					
Changes in the accounting policy	x	x	x	-	-
Balance as of January 1, 2004	28,267,726	72,707,691	311,405	3,165,569	104,452,391
Net profit	x	x	x	2,207,693	2,207,693
Dividends	x	x	x	(613,127)	(613,127)
Allocations to the reserve fund	x	x	86,549	(86,549)	-
Increase of the capital value for the account of:					
additional issue of shares	-	x	x	x	-
increase of the shares par value	-	x	x	x	-
reorganization of the legal entity	-	x	x	-	-
other	-	-	-	250,796	250,796
Decrease of the capital value for the account of:					
reduction of the shares par value	-	x	x	x	-
reduction of the number of shares	(18,366)	x	x	x	(18,366)
reorganization of the legal entity	-	x	x	-	-
other	-	(278,379)	-	(21,087)	(299,466)
Balance as of December 31, 2004	28,249,360	72,429,312	397,954	4,903,295	105,979,921

Metric	RUR'000				
	Charter capital	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
2005					
Changes in the accounting policy	x	x	x	-	-
Balance as of January 1, 2005	28,249,360	72,429,312	397,954	4,903,295	105,979,921
Net profit	x	x	x	2,081,926	2,081,926
Dividends	x	x	x	(624,311)	(624,311)
Allocations to the reserve fund	x	x	110,385	(110,385)	-
Increase of the capital value for the account of:					
additional issue of shares	-	x	x	x	-
increase of the shares par value	-	x	x	x	-
reorganization of the legal entity	-	x	x	-	-
other	-	-	-	54,639	54,639
Decrease of the capital value for the account of:					
reduction of the shares par value	-	x	x	x	-
reduction of the number of shares	-	x	x	x	-
reorganization of the legal entity	-	x	x	-	x
other	-	(63,518,751)	-	(5,354,977)	(68,873,728)
Balance as of December 31, 2005	28,249,360	8,910,561	508,339	950,187	38,618,447

II. Provisions

Metric	RUR'000			
	Balance	Received	Used	Balance
Reserve funds formed in compliance with the legislation:				
data of the preceding year	311,405	86,549	-	397,954
data of the reporting year	397,954	110,385	-	508,339
Assessed reserves:				
provision for doubtful debts				
data of the preceding year	793,808	7,600,354	(948,348)	7,445,814
data of the reporting year	7,445,814	1,475,128	(7,493,809)	1,427,133

Reference Information

Metric	RUR'000			
	Balance as at the begin of the year		Balance as at the end of the year	
1) Net assets	108,192,341		39,265,037	
	Budgetary funds		Extra-budgetary funds	
	for the accounting year	for the preceding year	for the accounting year	for the preceding year
2) Received for core activities spending – total	9,872	10,644	623	3,421
including:				
for payments to Chernobyl victims	355	694	-	-
miscellaneous	9,517	8,950	623	3,421

6.9. Cash Flow Statement

	RUR'000	
Metric	For 2005	For 2004
Opening cash flow	4,993,364	4,659,702
Cash flow for day-to-day operation		
Cash received from buyers, customers	79,029,290	99,116,227
Receipts of purchased foreign currency	762,904	645,681
Proceeds from contingencies	43,346	46,523
Cash received from in-house account	30,617,255	46,832,553
Other income (proceeds)	4,057,053	1,007,473
Cash allocated for:		
payment for purchased goods, works, services, raw materials and other current assets	(23,193,002)	(33,349,855)
payment for labor	(6,315,475)	(8,642,914)
payment of dividends, interest	(562,946)	(567,715)
payment of taxes and levies	(9,576,166)	(11,654,764)
contingency payments	-	-
in-house interaccount transfers	(30,617,255)	(46,832,553)
social transfers	(65,047)	(74,693)
other expenses (payments)	(48,047,549)	(40,377,908)
Net cash from day-to-day operations	(3,867,592)	6,218,055
Cash flow in investment activities		
Proceeds from sales of fixed assets and other non-current assets	277,463	677,667
Proceeds from sales of securities and other financial investments	153,085	22,734
Dividends received	4,297	5,505
Interest received	4	0
Other receipts	50,790	25,892
Acquisition of fixed assets, income-bearing placements in tangible and intangible assets	(1,203,499)	(4,718,731)
Acquisition of securities and other financial investments	-	(490)
Other expenses	(1,290,810)	(1,910,365)
Net cash from investment activities	(2,008,670)	(5,897,298)
Cash flow in financial activities		
Proceeds of loans and credit facilities granted by other organizations	31,905,000	11,612,229
Receipt of funds under target financing	9,874	12,340
Other income	200,016	7,077
Repayment of loans and credit facilities (net of interest)	(28,600,455)	(11,407,011)
Extinction of financial lease obligations	(84,962)	(208,497)
Other expenses	(9,769)	(9,018)
Net cash from financial activities	3,419,704	7,120
Net increase (decrease) in cash and cash equivalents	(2,456,558)	327,877
Cash balance as at the end of the accounting period	2,536,806	4,987,579
Effect of foreign exchange movements with respect to ruble	(5,785)	9,533

6.10. General Principles of Accounting Policy

Accounting policy of MOSENERGO is pursued in conformity with Federal Law No. 129-FZ "On Accounting" of November 29, 1996, and normative acts of the Russian Ministry of Finance regulating the bookkeeping practices and accounting rules.

Based on the above regulatory documents, MOSENERGO's General Director issued Order No. 981 of November 29, 2004, "On MOSENERGO's Accounting Policy for 2005", to formulate major accounting principles of the Company for 2005.

Business transactions are accounted in the books according to the Working Chart of Accounts of Financial and Economic Operations of MOSENERGO approved by MOSENERGO's General Director's Order No. 1014 of December 06, 2004.

MOSENERGO and all its branches apply interdepartmental model forms of primary accounting documents recommended by the State Committee for Statistics of Russia.

Financial and business transactions for which model forms of primary accounting documents are not provided, as well as internal accounts are formalized with the use of forms of primary accounting documents approved by MOSENERGO.

Assets, liabilities, and economic operations are denominated in rubles, the legal tender of the Russian Federation.

Changes in the Accounting Policy

The Company's accounting policy in 2005 underwent no major changes.

Fixed Assets

Fixed assets include assets that are used in output of products, execution of works, rendering of services, as well as for management exigencies of MOSENERGO during a term lasting more than 12 months.

Items referred to the fixed assets are accounted at their actual costs of acquisition or construction. In the statements, the fixed assets are shown at their initial cost less depreciation accumulated over the entire period of their operation.

Fixed assets are subject to straight-line depreciation. For the purposes of accounting of fixed assets recorded in the books before January 1, 2002, depreciation is accrued proceeding from the useful life thereof applicable as of the date of placing such fixed assets in operation. The useful life of fixed assets recorded in the books after January 1, 2002, for the purposes of accounting is determined according to the Russian Federation Government's Resolution No. 1 "On Classification of Fixed Assets Included in Depreciation Groups" dated January 1, 2002.

No depreciation was accrued on land and housing facilities.

Income and expenditure incidental to the retirement of fixed assets are stated in the Profit and Loss Statement among operating income and expenses, with expenditure caused by write-off and gratuitous transfers of fixed assets shown within the operating expenses.

The interests on loans obtained to finance fixed assets acquisitions (construction) are incorporated in the initial cost of such fixed assets. The interests accrued on the loans after the fixed assets have been posted into the ledger are charged to the fiscal effects.

Intangible assets

Included among intangible assets are costs of intangibles that are used over a period exceeding 12 months.

The intangible assets are valued and accounted at actual acquisition costs.

Through 2005, the intangible assets included MOSENERGO's trademark.

Inventories

Inventories are assessed at their actual acquisition costs.

The inventories released into the production process or otherwise disposed of were valued in 2005 at their mean cost.

Work in progress and end products (work, services) were valued at the actual cost.

Expenses incurred by the Company in the reporting year but relating to the next reporting periods are shown as deferred expenses subject to the appropriate flat-rate amortization within their relevant periods.

Payables Due from Buyers and Customers

Payables due from buyers and customers are determined based on the prices set in agreements between the Company and such buyers, inclusive of all discounts (mark-ups).

Bad debt is subject to writing off the books at the time it is recognized as such.

The Company had provided for doubtful debts. The provision for doubtful debts is made on the basis of the results of inventory of the accounts receivable. The amount of the provision is determined separately for each doubtful debt depending on the debtor's financial standing (solvency) and the estimated probability of the debt repayment in whole or in part. Unless the provision has been used before the close of the reporting year following the year in which the provision for doubtful debts was made, all unexpended sums are carried over to the fiscal effects at the turn of the reporting year.

Provision for Liabilities and Charges

The Company makes no provision for liabilities and charges.

Foreign Currency-Denominated Assets and Liabilities

Entries related to the Company's foreign currency accounts and foreign currency-denominated transactions are made in rubles. Entries are made by way of converting the foreign currency at the rate of the Central Bank of Russia as effective on the transaction date. The same entries are also made in the currency of relevant settlements and payments.

Foreign currency-denominated transactions were accounted with the use of the official rate of ruble exchange effective as of the date of the transactions. Cash assets and liabilities denominated in foreign currencies are reflected in the accounting statements as amounts calculated based on the official rate of ruble exchange effective on December 31, 2005, i.e. RUR 28.7825 per USD and RUR 34.185 per EUR.

The exchange rate differences are posted to the "Profits and Losses" account and then included in the calculation of the profit tax, unless otherwise prescribed by the laws of the Russian Federation. The period of accounting is one month.

Any exchange differences emerging during the year in transacting assets and liabilities, and also in their recalculation as of December 31, 2005, are charged to the fiscal effect and reflected among non-operating income and expenses.

Additional Capital and Reserve Capital

Additional capital is derived from:

- the increased value of the fixed assets as determined in their re-evaluation;
- revenues received through selling some of the Company shares at a premium price;
- property taken on a gratis basis;
- utilized accumulation fund received as a result of commissioning of fixed assets financed from the Company's profit.

The Company forms a reserve fund that is intended to cover losses that may occur in the course of the Company's business, as well as for redemption of the Company's bonds and shares if other funds are unavailable. In accordance with Article 8.1 of the Company's Charter¹, the amount of mandatory annual allocations to the reserve fund is five percent of the net profit of the Company until the established amount of the Reserve Fund is reached (five percent of the Company's charter capital).

Short-term and Long-term Assets and Liabilities

The assets and liabilities in the accounts are charged to a short-term category if their maturity does not exceed 12 months starting with the balance sheet date. All other assets and liabilities are shown in the accounts as long-term.

Acknowledgement of Income

Proceeds from sales of products and services were acknowledged, for the purposes of accounting, as the products were dispatched (or services rendered) to the buyers and settlement documents were presented to such buyers. These proceeds are reflected in the Profit and Loss Statement less the value-added tax, export duties, and other similar mandatory charges.

Recognized as other income of the Company are:

- proceeds associated with interest in the charter capitals of other organizations;
- proceeds from sales of fixed and other assets, other than cash (save for foreign currency), products, goods;
- interest received for granting cash assets of the organization, as well as interest for use of cash assets by a bank deposited on the organization's account with such bank.

Share Investments

Income and expenditure incidental to financial investments in non-core activities are shown in the Profit and Loss Statement among operating income and expenses.

Subsidiaries and associated companies are listed in the Additional Information section.¹

Taxes

In 2005, MOSENERGO paid its taxes as follows:

- profits tax, as provided by the Tax Code of the Russian Federation, Chapter 25, Article 288, based on the average ratio of staff on the payroll and weight of the depreciated cost of property. This tax is paid from MOSENERGO's account to the budgets of all levels separately: to the federal budget, to the budgets of the City of Moscow, the Moscow Region, budgets of other constituents of the Russian Federation at the rates specified by the Tax Code of the Russian Federation, Chapter 25, Article 284;
- value added tax, as set forth in the Tax Code of the Russian Federation, Chapter 21. The tax is calculated for the Company as a whole and paid from MOSENERGO's account to the federal budget;
- property tax, as provided by the Tax Code of the Russian Federation, Chapter 30, Articles 383, 384, 385, MOSENERGO pays to the budget at the location of the organization, at the location of every branch, and at the location of every real property facility located elsewhere than the location of a separate subdivision with an independent balance sheet.

All other taxes are calculated and paid independently by branches on behalf of MOSENERGO in accordance with the established legal procedure.

Determination of Fiscal Effect

The fiscal effect of MOSENERGO's economic operations is determined in terms of the Company at large on a quarterly basis at the level of the General Directorate. Every month the Company branches present information about balances of the balance turnover accounts and the bill of the Profit and Loss Statement to the General Directorate within the time-limits set forth in the General Director's order.

The sales profit is defined as the difference between proceeds from sales at the effective prices and tariffs, net of value-added tax, and the respective costs of generation, distribution, and sales.

The pre-tax profit is determined as a profit (loss) from sales of products (works, services), operating earnings gain net after operating expenses and non-operating income less non-operating expenses.

In the Balance Sheet and Profit and Loss Statement, the fiscal effect of the reporting year is reflected as net profit (retained earnings), i.e. resulting fiscal effect ascertained for the accounting period net of taxes chargeable on profits and other similar mandatory payments, including penalties for non-compliance with the taxation rules, as well as with an allowance for deferred tax assets and deferred tax liabilities.

Appropriation of MOSENERGO's net profit is subject to approval by the general meeting of shareholders.

6.11. Notes to Financial Statements

Note to the Profit and Loss Statement

[1] Proceeds from sales of products

	RUR'000		
	2004	2005	Deviation
Proceeds, total	89,340,979	71,010,108	-18,330,871
Including from sales of:			
electricity	63,973,427	39,398,951	-24,574,476
heat	22,567,444	27,539,121	4,971,677
other goods (works, services)	2,800,108	4,072,036	1,271,928

As compared with the last year, proceeds from sales of products for the accounting year went down by RUR 18,330,871 thousand, including proceeds from energy sales by RUR 19,602,799 thousand. The reduction in the proceeds from energy sales is caused by curtailment of the Company's lines of business as a result of its reorganization and a change in the electricity sale tariffs as from April 1, 2005.

At the same time, proceeds from other operations run up RUR 1,271,928 thousand, which was also brought about by the Company's reorganization and the fact that industrial services were rendered to the spin-offs by MOSENERGO's maintenance branches.

[2] Production cost of products

	RUR'000		
	2004	2005	Deviation
Production cost, total	75,672,995	63,108,986	-12,564,009
Including:			
electricity	50,279,038	33,119,235	-17,159,803
heat	22,932,568	26,536,534	3,603,966
other goods (works, services)	2,461,389	3,453,217	991,828

The production costs in 2005 amounted to RUR 63,108,986 thousand, including energy generation costs of RUR 59,655,769 thousand. As compared with 2004, the cost saving scored respectively RUR 12,564,009 thousand (16.6%) in terms of the Company at large, and RUR 13,555,837 thousand (18.5%) for energy generation.

The energy cost cutting stems from curtailment of the Company's lines of business as a consequence of its split-up as from April 1, 2005.

A RUR 991,828 thousand (40.3%) rise in the costs of production of other goods, works and services versus 2004 was also an effect of the Company reorganization and expansion in the number of services provided to the spin-offs by MOSENERGO's repair and maintenance branches.

[3] Other operating income and expenses

	RUR'000		
	2004	2005	Deviation
Other operating income	6,240,852	1,875,300	-4,365,552
Other operating expenses	11,303,666	3,858,456	-7,445,210

The operating income in 2005 worked out at RUR 1,875,300 thousand, down RUR 4,365,552 thousand, or 70.0%, against the level of 2004. This is primarily the result of a decline in proceeds from taking over fixed assets under the agreements for adjustment of grid facilities' losses in connection with MOSENERGO split-up and unbundling of its transmission companies.

The operating expenses in 2005 totaled RUR 3,858,456 thousand, down RUR 7,445,210 thousand, or 65.9%, vis-a-vis 2004. The primary reason for lowering of the operating

expenses is a RUR 6,125,226 thousand shrinkage of the provision for doubtful debts, as well as a reduction of expenses from disposal of fixed assets under the agreements for adjustment of grid facilities' losses, as well as of the property tax in view of the assets transfer to the nascent companies.

[4] Nonoperating income and expenses

	RUR'000		
	2004	2005	Deviation
Nonoperating income	1,182,174	1,107,956	-74,218
Nonoperating expenses	3,443,772	2,679,882	-763,890

The non-operating income in 2005 versus 2004 descended by RUR 74,218 thousand, or 6.3%, to RUR 1,107,956 thousand. This mainly happened due to:

- a RUR 322,553 thousand drop in the profit of past years (returns on revealed electricity losses of past years) which came on the back of OAO Mosenergosbyt, an energy supply company, detachment from MOSENERGO;
- a RUR 158,473 thousand diminution of the exchange gain in view of the dollar's decline vis-a-vis the top of the reporting year.

The non-operating expenses fell down by RUR 763,890 thousand, or 22.2%, as compared with 2004, to RUR 2,679,882 thousand. Such reduction was induced by curtailment of the Company's lines of business as a result of its restructuring.

Note to Changes in the Balance Sheet Lines**[5] Fixed assets**

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Land and objects of nature management	7,228	85	-7,143
Buildings, machinery and equipment, structures	99,937,929	38,021,449	-61,916,480
Other types of fixed assets	627,448	309,085	-318,363
Total	100,572,605	38,330,619	-62,241,986

Changes in the "Fixed assets" item basically arose from the Company restructuring. The residual value of the assets written down in the course of restructuring amounted to RUR 61,772,916 thousand, including:

- under the "Land and objects of nature management" item, disposal of land plots in OAO Moscow Region Electricity Network Company to the amount of RUR 7,143 thousand;
- under the "Buildings, machinery and equipment, structures" item, outflow of RUR 61,421,607 thousand in connection with the restructuring;
- under the "Other types of fixed assets" item, outflow of RUR 344,166 thousand.

[6] Construction in progress

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Equipment for installation	929,426	574,218	-355,208
Investments in noncurrent assets	8,504,076	2,377,061	-6,127,015
Total	9,433,502	2,951,279	-6,482,223

The Company is engaged in construction and reconstruction of its facilities. As at the beginning of 2005, expenditures connected with the construction-in-progress totaled RUR 8,504,076 thousand. During the year, the Company spent RUR 6,939,568 thousand, phased in assets and wrote off expenses to the amount of RUR 13,066,583 thousand, including transferred RUR 5,795,564 thousand worth of construction-in-progress to the spin-off companies. Now the balance of the construction-in-progress expenses is RUR 2,377,061 thousand.

Expenditures connected with the major capital construction projects in 2005 stood at, RUR thousand:

Construction of a GTU-TEP plant in Pavlovsky Posad (LAPS-3)	23,312
Refurbishment of 110-kV indoor switchgear with replacement of obsolete cells (TEP-12)	45,764
Replacement of turbine-generator set No. 5 (TEP-21)	55,408
Technical retooling of the dead coal storage (TEP-22)	138,409
Expansion of the water treating plant (TEP-25)	259,004
Ostashkovskaya Heating Main	769,691
Druzhinnikovskaya Heating Main	226,349

[7] Long-term financial investments¹

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Investments in subsidiary companies	26,431	2,526	-23,905
Investments in associated companies	2,264	14,539	12,275
Investments in other organizations	34,016	9,744	-24,272
Sundry long-term financial investments	4,578	4,578	0
Total	67,289	31,387	-35,902

At the close of the reporting year, the Company's long-term financial investments totaled RUR 31,387 thousand, of which 8.05% are investments in subsidiary companies, 46.32% – investments in associated companies, 31.05% – investments in other organizations, 14.58% – sundry long-term financial investments.

The underlying causes for a downturn in the long-term financial investments are as follows:

- on May 20, 2004, the Board of Directors resolved that MOSENERGO should terminate its membership in OAO KAMAZ by way of lump sum sale of ordinary registered shares. In 2005, the shares were disposed of;
- on August 23, 2004, the Board of Directors resolved that MOSENERGO should terminate its membership in OAO ACB Moskovskiy Industrialny Bank (Moscow Industrial Bank) by way of sale of ordinary shares. In 2005, the shares were disposed of;

- on November 01, 2004, the Board of Directors resolved that MOSENERGO should terminate its membership by way of alienation of shares in the following organizations: OAO Energomekhanicheskiy Zavod (Power Engineering Works), OAO Vozrozhdeniye Bank, OAO GUM Trade House, ZAO Cartec Association. In 2005, the shares were disposed of;

- the Company disposed of shares of CB Transinvestbank (OOO) (a 23.2% interest in the charter capital to the amount of RUR 11,600 thousand, the remaining interest on MOSENERGO's balance sheet makes up 24.6% to the amount of RUR 12,304.9 thousand), ZAO Unikhimtek, OAO Bank Moskvyy, OOO EnTsentr, OAO Elektrosentraladka, OAO Zhilishchnaya Initsiativa Corporation. In accordance with MOSENERGO's Charter, the Board of Directors passed no resolutions on the transactions.

[8] Deferred tax assets

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Deferred tax assets	3,181	339	-2,842

The balance of the deferred tax asset as at the beginning of 2005, was RUR 3,181 thousand. Through 2005, it was acquitted to the amount of RUR 215 thousand, including RUR 241 thousand with respect to the property received on a gratis basis, and with respect to the losses on disposal of depreciable property it edged up by RUR 26 thousand.

During restructuring, the spin-offs received deferred tax asset in the amount of RUR 2,627 thousand. The balance at the close of 2005 was RUR 339 thousand, including RUR 153 thousand for the property received on a gratis basis, and loss RUR 186 thousand for the losses on disposal of depreciable property.

[9] Inventories

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Stores, supplies and other similar valuables	5,062,991	3,058,725	-2,004,266
including:			
fuel oil	1,476,414	1,056,013	-420,401
coal	1,018,696	783,413	-235,283
diesel fuel	109,821	105,856	-3,965
other process fuel	2,816	0	-2,816
spare parts	697,890	264,746	-433,144
other raw materials and supplies	1,757,354	848,697	-908,657
Rearers and fatteners	68,603	73,547	4,944
Expenditures for work in progress (distribution costs)	189,060	38,270	-150,790
Finished products and goods for reselling	48,973	32,311	-16,662
Deferred expenses	490,793	117,782	-373,011
Total	5,860,420	3,320,635	-2,539,785

For the efficient management of financial resources, the Company calculates the quota for current assets based on a methodology. For each branch, it had determined a quota for current assets at a minimum rate sufficient for ensuring an uninterrupted process flow. As of December 31, 2005, the quota for current assets stood at RUR 1,006,711 thousand unadjusted for fuel and material stores for capital construction, for which rates are not established. The actual balance of the rated inventory items, as of December 31, 2005, was RUR 1,257,571 thousand.

[10] Value-added tax on valuables acquired

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Value-added tax on valuables acquired	2,652,292	1,006,954	-1,645,338

The amount under the "Value-added tax on valuables acquired" item diminished by RUR 1,645,338 thousand, including RUR 1,350,376 thousand transferred to the spin-offs under the opening balance sheet.

The VAT on fixed assets refundable in January 2006 accounts for RUR 104,630 thousand.

[11] Receivables

(expected to be paid in more than 12 month from the reporting date)

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Buyers and customers	60,236	10,054	-50,182
Other debtors	82,924	62,854	-20,070
Total	143,160	72,908	-70,252

There are two reasons behind the RUR 70,252 thousand reduction of long-term receivables:

- extinguishment of a RUR 16,419 thousand debt during 2005 under the receivables purchase agreement relating to the book debt of the Municipal Unitary Company "Single Customer Department of the Klinsky District";
- carry-over of a RUR 53,833 thousand debt from the long-term to the short-term category in view of its maturing within 12 months.

[12] Receivables

(expected to be paid within 12 month after the reporting date)

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Buyers and customers	4,991,685	3,929,555	-1,062,130
of them:			
electricity sales through WEM within the group	452,316	323,254	-129,062
intermediaries in sales of electricity and heat	434,038	164,061	-269,977
organizations financed from the federal budget	485,211	221,344	-263,867
organizations financed from budgets of the RF constituent members	906,001	1,399,527	493,526
organizations financed from local budgets	249,698	95,914	-153,784
other consumers of electricity and heat	1,803,947	1,201,572	-602,375
other buyers and customers	660,474	523,883	-136,591
Advances granted	1,082,408	474,685	-607,723
including:			
to electricity and heat suppliers	244	28,404	28,160
to fuel suppliers	125,315	39,308	-86,007
to material suppliers	204,246	48,918	-155,328
to building organizations	348,100	311,636	-36,464
to repair organizations	123,598	5,360	-118,238
to service providers	221,630	26,463	-195,167
other advances granted	59,275	14,596	-44,679
Other debtors	2,223,359	1,852,871	-370,488
including:			
overpayment of taxes to the federal budget	5,074	304,632	299,558
overpayment of taxes to the budgets of the RF constituent members	789,148	1,246,952	457,804
overpayment of taxes to local budgets	22,912	7,975	-14,937
overpayments to public extra-budgetary funds	19,075	2,579	-16,496
other debtors	1,387,150	290,733	-1,096,417
Total	8,297,452	6,257,111	-2,040,341

Since the beginning of 2005, the Company's accounts receivable dropped by RUR 2,110,593 thousand.

In the process of restructuring and as of April 01, 2005, accounts receivable in the amount of RUR 5,049,631 thousand were made over to the nascent companies, including RUR 3,581 thousand worth of long-term receivables, and RUR 5,046,050 thousand worth of short-term receivables.

The made over accounts due from buyers and customers totaled RUR 3,179,931 thousand, advances granted – RUR 825,461 thousand, other accounts receivable – RUR 1,040,658 thousand.

The amount of accounts receivable is shown in the balance sheet with an allowance for the accrued provision for doubtful debts.

Major debtors for whom the provision for doubtful debts was made include:

Debtor	RUR'000	
	Amount of accounts receivable	Amount of the accrued provision for doubtful debts
OAo Moskvich	532,693	530,874
Solnechnogorsk MUP PTO GKk	88,226	88,226
State Scientific Center for Applied Microbiology	74,862	74,862
OAo Skhodnya – Furniture	58,153	58,153

The flow of the provision for doubtful debts for the accounting period is shown in the table below:

	RUR'000
Balance of the provision for doubtful debts as of December 31, 2004	7,445,814
Provision for doubtful debts accrued in 2005	1,475,128
Bad accounts receivable written off for the account of the provision made in 2005	665,917
Provision for doubtful debts made over during restructuring	6,095,952
Balance of unused provision charged to profit at the end of 2005	731,940
Balance of the provision for doubtful debts as of December 31, 2005	1,427,133

The Company carries out a methodical work to recover debts, including in a judicial proceeding.

[13] Short-term financial investments

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Loans granted to organizations for a term shorter than 12 months	0	0	0
Company stocks redeemed from stockholders	0	0	0
Sundry short-term financial investments	26,672	17,392	-9,280
Total	26,672	17,392	-9,280

The short-term financial investments ramped down by RUR 9,280 thousand under the agreements for acquisition of the assignment of book debt for the electricity consumed from wholesale resellers, including from Vodokanal-Service

Municipal Unitary Company (Serpukhov) to the amount of RUR 9,000 thousand, and from Serpukhovskaya Heating Grid Municipal Unitary Company to the amount of RUR 280 thousand.

[14] Monetary assets

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Cash	3,539	4,219	680
Settlement accounts	4,773,561	2,362,270	-2,411,291
Foreign currency accounts	9,313	9,636	323
Sundry monetary assets	204,260	162,131	-42,129
Total	4,990,673	2,538,256	-2,452,417

Based on the annual returns of 2005, the amount of cash shrunk by RUR 2,452,417 thousand, including RUR 955,864 thousand made over under the separation balance sheet.

[15] Additional capital

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Additional capital	72,429,312	8,910,561	-63,518,751

In the course of restructuring, a slice of the additional capital in the amount of RUR 63,351,128 thousand was transferred to the nascent companies. Aside from that, the additional capital melted by RUR 112,984 thousand being the

value of property vested in the operating management, as well as by the amount of upvalue of written-off fixed assets, which was carried over to the retained profit of past years category, at the rate of RUR 54,639 thousand.

[16] Reserve capital

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Reserve funds formed in compliance with the legislation	397,954	508,339	110,385
Reserve funds formed in compliance with the constituent documents	0	0	0
Total	397,954	508,339	110,385

A RUR 110,385 thousand gain in the reserve capital was due to distribution of the 2005 profits pursuant to the resolution of the General Meeting of shareholders dated June 28, 2005.

[17] Retained earnings (uncovered loss)

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Retained earnings (uncovered loss)	4,903,295	950,187	-3,953,108

A diminution of the retained earnings as compared with the returns of 2004 is attributable to the formation of the charter and additional capitals of MOSENERGO spin-offs, as well as to

distribution of the 2004 profits under a resolution of the Company shareholders' meeting.

[18] Long-term loans and credit facilities

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Bank credits repayable in over 12 months after the accounting date	1,497,739	957,188	-540,551
Loans repayable in over 12 months after the accounting date	381	0	-381
Total	1,498,120	957,188	-540,932

The Company's long-term loans and credit facilities decreased on account of carrying over of RUR 588,884 thousand worth of long-term borrowings to the short-term category, in view of their maturing within 12 months, as well as

on account of preschedule repayment of the commodity credit by Shatursky Agroindustrial Complex, a MOSENERGO branch, to the amount of RUR 381 thousand.

[19] Deferred tax liabilities

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Deferred tax liabilities	746,128	331,976	-414,152

As at the beginning of 2005, the balance of deferred tax liabilities was RUR 746,128 thousand. Through 2005, it edged up by RUR 32,942 thousand, including by RUR 26,939 thousand for depreciation of fixed assets, RUR 3,527 thousand for software products, RUR 2,086 thousand for the cost of special clothing, and RUR 390 thousand for the work

in progress. During restructuring, the spin-offs received deferred tax liabilities in the amount of RUR 447,093 thousand. At the close of 2005, the balance was RUR 331,976 thousand.

[20] Short-term loans and credit facilities

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Bank credits repayable within 12 months after the accounting date	9,962,455	8,856,645	-1,105,810
Loans repayable within 12 months after the accounting date	583,431	0	-583,431
Total	10,545,886	8,856,645	-1,689,241

As at the beginning of 2005, the borrower's liabilities of MOSENERGO amounted to RUR 12,044,006 thousand, including:

- long-term borrowings –
RUR 1,498,120 thousand;
- short-term borrowings –
RUR 10,545,886 thousand.

The average weighted rate of interest on ruble-denominated borrowings stood at 12.45% per annum.

During 2005, the Company conducted its business based on the credit policy approved by the Board of Directors (Minutes No. 26, dated February 11, 2004).¹

In the course of 2005, the Company raised credits to the amount of RUR 13,850,000 thousand, repaid credits and loans to the amount of RUR 10,537,576 thousand, and paid interest for the use of borrowed funds in the amount of RUR 1,168,710. The credits were contracted for the production support.

In connection with MOSENERGO's reorganization and in accordance with the separation balance sheet approved by a resolution of the annual general meeting of shareholders, the spin-offs were vested with all rights and obligations under a number of loan agreements to the amount of RUR 5,600,000 thousand. The discharge of the spin-offs' credit commitments was secured by MOSENERGO's suretyship and/or pledge of MOSENERGO's bills of exchange. Thus far, the credit commitments transferred to the spin-offs have been discharged in full, suretyships and pledges released.

As of December 31, 2005, the borrower's liabilities of MOSENERGO to lending institutions was RUR 9,813,833 thousand, including:

- long-term borrowings –
RUR 957,188 thousand;
- short-term borrowings –
RUR 8,856,645 thousand.

The average weighted rate of interest on ruble-denominated borrowings worked out at 9.49% per annum. All borrower's liabilities are current. MOSENERGO owes no overdue debt to any lending institutions.

¹ 3.1.9.

[21] Accounts payable

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Suppliers and contractors	4,030,618	2,507,968	-1,522,650
of them:			
WEM electricity suppliers	427,618	0	-427,618
other suppliers of electricity and heat	55,770	55,665	-105
gas suppliers	414,623	416,203	1,580
fuel oil suppliers	23,465	0	-23,465
coal suppliers	27,568	34,871	7,303
other fuel suppliers	36,018	0	-36,018
to building organizations	733,732	812,358	78,626
to repair organizations	647,231	343,421	-303,810
to ROSENERGOATOM Concern	479,544	0	-479,544
connection fee due to OAO UES SO-CDU	61,157	0	-61,157
connection fee due to OAO FGC	65,131	0	-65,131
to other suppliers and contractors	1,058,761	845,450	-213,311
Accrued payroll	390,150	210,237	-179,913
including: current	390,150	210,237	-179,913
Debts payable to public extra-budgetary funds	101,957	62,859	-39,098
including:			
RF Pension Fund	86,938	51,491	-35,447
Federal Obligatory Medical Insurance Fund	11,568	7,261	-4,307
Social Insurance Fund	3,425	4,107	682
penalty interest and fines to public extra-budgetary funds	26	0	-26
Arrears of taxes and levies	2,995,461	844,153	-2,151,308
including:			
federal budget	1,594,444	583,542	-1,010,902
budgets of the RF constituent members	1,367,376	255,745	-1,111,631
local budgets	33,641	4,866	-28,775
Advances received	1,508,973	366,450	-1,142,523
including:			
from other consumers of electricity and heat	1,317,032	280,132	-1,036,900
other advances received	191,941	86,318	-105,623
Other accounts payable	2,037,077	1,124,113	-912,964
including:			
VAT in unpaid products	1,947,708	846,625	-1,101,083
debts payable to RAO UES of Russia for engineering services	2,881	0	-2,881
other accounts payable	86,488	277,488	191,000
Total	11,064,236	5,115,780	-5,948,456

As compared with 2004, the Company's accounts payable worked off RUR 5,948,456 thousand, or 53.76%. Among them, accounts due to suppliers and contractors at the end of 2005 totaled RUR 2,507,968 thousand, down RUR 1,522,650 thousand, or 37.78% as compared with the beginning of the year.

In the course of restructuring, MOSENERGO made over RUR thousand 3,767,597 worth of accounts payable to the nascent companies, including accounts payable to suppliers and contractors – RUR 1,556,576 thousand, among them RUR 100,954 thousand to fuel suppliers, RUR 282,949 thousand to building organizations, RUR 295,578 thousand to repair organizations, arrears of connection fee due to OAO UES SO-CDU – RUR 76,521 thousand, arrears of connection fee due to OAO FGC – RUR 64,346 thousand, advances

received – RUR 711,645 thousand, VAT in unpaid products – RUR 1,424,295 thousand, other accounts payable – RUR 73.597 thousand.

Aside from that, debts to ROSENERGOATOM Concern, as well as to wholesale electricity suppliers were repaid in full.

On account of MOSENERGO restructuring, all taxes payable by the Company reduced considerably – RUR 2,151,308 thousand, or 71.82%. The outstanding debts payable to budget are of the present-day nature.

MOSENERGO has no problematic accounts payable, concluded no payables restructuring agreements.

[22] Deferred incomes

	RUR'000		
	as of 31.12.2004	as of 31.12.2005	Deviation
Deferred incomes	2,212,420	646,590	-1,565,830

A cutback under the "Deferred incomes" item came about due to the following reasons:

- in 2005, the power facilities built by the Company at the expense of the Moscow Government's earmarked financing were transferred to the municipal authorities, RUR thousand:

Ostashkovskaya Heating Main	387,225
Bitza Substation	283,484
Sumskaya Substation	163,132
Khapilovskaya Substation	187,070
Yuzhno-Izmailovskaya Substation	211,781
- RUR 62,453 thousand were transferred in the course of restructuring.

Borrowings (as of December 31, 2004)

Creditor banks	Amount borrowed	Interest rate,%	Principal maturity	Collateral	Purpose of borrowing
European Bank for Reconstruction and Development	USD 16,862,750	libor+3.5	15.07.2009	Power unit No. 6 at TEP-26	Construction and corporate purposes
International Finance Corporation	USD 11,241,830	libor+3.5	15.07.2009	Power unit No. 6 at TEP-26	Construction and corporate purposes
European Bank for Reconstruction and Development	USD 45,397,110	libor+4.0	28.11.2007	Debt service account	Redemption of eurobond loan and investments
Total for currency credits in RUR	RUR 2,039,576,130		currency rate: USD – 27.7487		
Loan of RAO UES of Russia	RUR 583,431,000	10.00	25.12.2005	Blank	Payment of arrears to OOO Mezhhregiongaz
OAO AKB EUROFINANCE-MOSNARBANK	RUR 1,301,465,160	13.75	25.03.2005	Blank	Financing of day-to-day operations
OAO Bank Moskvyy	RUR 2,100,000,000	13.25	30.04.2005	Fuel oil at power plants (RUR 1,118,895,300) Bills of exchange (RUR 1,650,000,000)	Replenishment of fuel stores
OAO Vneshtorgbank	RUR 1,001,584,700	14.50	26.02.2005	Blank	Replenishment of current assets
OAO Vneshtorgbank	RUR 1,506,885,250	12.00	30.06.2005	Bills of exchange (RUR 2,260,000,000)	Financing of the statutory activities
OAO Vneshtorgbank	RUR 2,008,797,810	11.50	29.10.2005	Bills of exchange (RUR 2,973,333,330)	Financing of the statutory activities
OAO Alfa-Bank	RUR 1,501,885,250	11.50	28.02.2005	Blank	Financing of investment program
Commodity credit (Shatursky Agroindustrial Complex)	RUR 381,000	10.00	2010	Blank	Corporate purposes
Total for ruble crediting	RUR 10,004,430,170				
Grand total	RUR 12,044,006,290				

Borrowings (as of December 31, 2005)

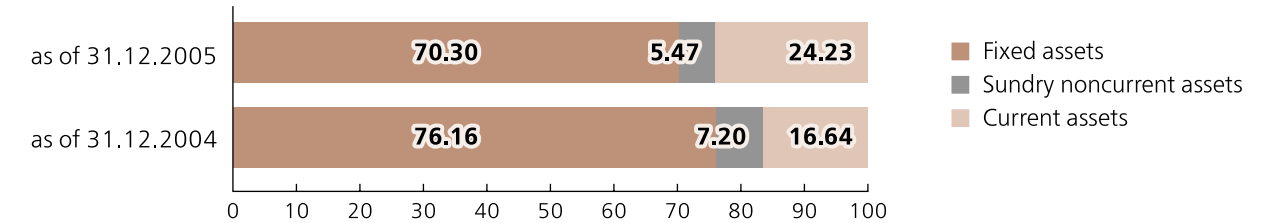
Creditor banks	Amount borrowed	Interest rate,%	Principal maturity	Collateral	Purpose of borrowing
European Bank for Reconstruction and Development	USD 13,490,200	libor+3.5	15.07.2009	Power unit No. 6 at TEP-26	Construction and corporate purposes
International Finance Corporation	USD 8,933,460	libor+3.5	15.07.2009	Power unit No. 6 at TEP-26	Construction and corporate purposes
European Bank for Reconstruction and Development	USD 31,491,440	libor+4.0	28.11.2007	Debt service account	Redemption of eurobond loan and investments
Total for currency credits in RUR	RUR 1,553,538,260		currency rate: USD – 28.7825		
OAO Bank Moskvyy	0.00* RUR	10.75	12.05.2006	Fuel oil at power plants (RUR 1,350,000 thou) Bills of exchange (RUR 2,413,000 thou)	Replenishment of current assets
OAO AKB EUROFINANCE-MOSNARBANK	RUR 1,300,000,000	11.75	30.05.2006	Blank	Replenishment of current assets
JSB Gazprombank (CJSC)	RUR 951,858,000	11.90	28.07.2006	Blank	Replenishment of current assets
Russian Commercial Bank Ltd., Zurich	RUR 600,986,000	10.00	04.09.2006	Blank	Replenishment of current assets
JSB Gazprombank (CJSC)	RUR 2,403,683,000	9.50	04.09.2006	Blank	Replenishment of current assets
JSB Gazprombank (CJSC)	RUR 3,003,767,000	7.65	26.05.2006	Blank	Replenishment of current assets
Total for ruble crediting	RUR 8,260,294,000				
Grand total	RUR 9,813,832,260				

* credit line in the amount of RUR 3 billion

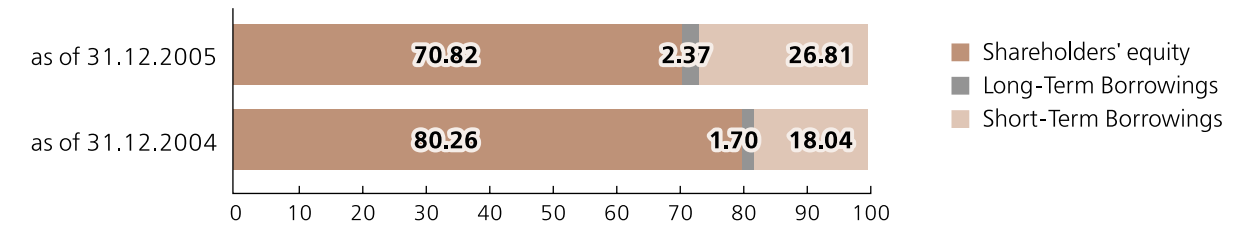
ANALYTICAL BALANCE SHEET, RUR thousand

				Balance sheet structure, %		
	31.12.2004	31.12.2005	Deviation	31.12.2004	31.12.2005	Deviation
ASSETS						
I. NONCURRENT ASSETS						
Intangible assets	44	42	-2	0.00	0.00	0.00
Fixed assets [5]	100,572,605	38,330,619	-62,241,986	76.16	70.30	-5.86
Construction in progress [6]	9,433,502	2,951,279	-6,482,223	7.15	5.41	-1.74
Long-term financial investments [7]	67,289	31,387	-35,902	0.05	0.06	0.01
Deferred tax assets [8]	3,181	339	-2,842	0.00	0.00	0.00
SECTION I TOTAL	110,076,621	41,313,666	-68,762,955	83.36	75.77	-7.59
II. CURRENT ASSETS						
Inventories [9]	5,860,420	3,320,635	-2,539,785	4.44	6.09	1.65
Value-added tax on valuables acquired [10]	2,652,292	1,006,954	-1,645,338	2.01	1.85	-0.16
Receivables (expected to be paid in more than 12 month from the reporting date) [11]	143,160	72,908	-70,252	0.11	0.13	0.02
Receivables (expected to be paid within 12 month after the reporting date) [12]	8,297,452	6,257,111	-2,040,341	6.28	11.48	5.20
Short-term financial investments [13]	26,672	17,392	-9,280	0.02	0.03	0.01
Monetary assets [14]	4,990,673	2,538,256	-2,452,417	3.78	4.65	0.87
SECTION II TOTAL	21,970,669	13,213,256	-8,757,413	16.64	24.23	7.59
BALANCE	132,047,290	54,526,922	-77,520,368	100.00	100.00	
LIABILITIES						
III. CAPITAL AND RESERVES						
Charter capital	28,249,360	28,249,360	0	21.40	51.81	30.41
Additional capital [15]	72,429,312	8,910,561	-63,518,751	54.85	16.34	-38.51
Reserve capital [16]	397,954	508,339	110,385	0.30	0.93	0.63
Retained earnings (uncovered loss) [17]	4,903,295	950,187	-3,953,108	3.71	1.74	-1.97
SECTION III TOTAL	105,979,921	38,618,447	-67,361,474	80.26	70.82	-9.44
IV. LONG-TERM LIABILITIES						
Loans and credit facilities [18]	1,498,120	957,188	-540,932	1.13	1.76	0.63
Deferred tax liabilities [19]	746,128	331,976	-414,152	0.57	0.61	0.04
SECTION IV TOTAL	2,244,248	1,289,164	-955,084	1.70	2.37	0.67
V. SHORT-TERM LIABILITIES						
Loans and credit facilities [20]	10,545,886	8,856,645	-1,689,241	7.99	16.24	8.26
Accounts payable [21]	11,064,236	5,115,780	-5,948,456	8.38	9.38	1.00
Arrears of revenues payable to members (founders)	579	296	-283	0.00	0.00	0.00
Deferred incomes [22]	2,212,420	646,590	-1,565,830	1.67	1.19	-0.49
SECTION V TOTAL	23,823,121	14,619,311	-9,203,810	18.04	26.81	8.77
BALANCE	132,047,290	54,526,922	-77,520,368	100.00	100.00	

Structure of total assets, %



Structure of total liabilities, %



Notes to the Analytical Balance Sheet

The presented Analytical Balance Sheet reflects changes in MOSENERGO's property status associated with its restructuring.

As of December 31, 2005, MOSENERGO's total assets were RUR 54,526,922 thousand.

Notwithstanding considerable changes in the balance sheet items in terms of money, vis-a-vis the top of the reporting year, the Company's asset profile retains the heretofore proportions.

The share of the non-current assets of the Company reduced from 83.36% to 75.77%. In terms of money, the reduction amounted to RUR 68,762,955 thousand, or 62.47%. Under the separation balance sheet, the spin-off companies were apportioned RUR 68,061,235 thousand worth of non-current assets.

As of December 31, 2005, 92.78% of the noncurrent assets are fixed assets (91.37% as of December 31, 2004), the depreciated cost of which at the close of 2005 totaled RUR 38,330,619 thousand [5].

The largest slices of the sundry noncurrent assets is represented by investments under the "Construction in Progress" item, RUR 2,951,279 thousand, including RUR 574,218 thousand worth of Equipment for Installation [6].

The share of the Company's current assets in the balance line rose from 16.64% to 24.23%.

47.91% of current assets fall within accounts receivable [11, 12], inventories [9] account for 25.13%, monetary assets [14] – for 19.21%.

In general, the current assets over the year declined by RUR 8,757,413 thousand, or 39.86%. Under the separation balance sheet, the spin-off companies were apportioned RUR 10,521,764 thousand worth of current assets.

Based on the annual returns of 2005, the structure of MOSENERGO's liabilities underwent greater changes.

The ratio of the equity capital in the balance line climbed down 9.44% percentage points to 70.82%. Accordingly, the ratio of borrowed assets climbed up 0.67 percentage point for long-term, and 8.77 percentage points for short-term.

The equity capital decumulation for the most part stems from allocation of MOSENERGO's additional capital to the charter capitals of the nascent joint stock companies established in the course of the restructuring [15]. The proportion of the additional capital in the balance line reduced from 54.85% as of December 31, 2004, to 16.34% as of December 31, 2005. The reserve capital added 0.63 percentage point in weight [16]. The share of the retained profit edged down 1.97 percentage point [17]. All together, the restructuring diminished the Company's equity capital by RUR 68,698,950 thousand.

The year-end amount of borrowings fined away by RUR 10,158,894 thousand (38.97%), including RUR 5,602,904 thousand in the course of restructuring.

The long-term liabilities dropped off RUR 955,084 thousand, or 42.56%, basically on account of carrying over of some of the long-term borrowings to the short-term category in view of their maturing within 12 months [18].

The short-term liabilities decreased by RUR 9,203,810 thousand, or 38.63%. The ratio of credits within the short-term liabilities showed a substantial increase from 44.27% as of December 31, 2004, to 60.58% as of December 31, 2005 [20]. The slice of the accounts payable dwindled from 46.44% to 34.99% [21], and that of the deferred incomes – from 9.29% to 4.42% [22].

Calculation of net assets (in terms of balance valuation)

Metric	RUR'000	
	as of 31.12.2004	as of 31.12.2005
I. ASSETS		
Intangible assets	44	42
Fixed assets	100,572,605	38,330,619
Construction in progress	9,433,502	2,951,279
Long-term financial investments	93,961	48,779
Deferred tax assets	3,181	339
Inventories	5,860,420	3,320,635
Value-added tax on valuables acquired	2,652,292	1,006,954
Accounts receivable	8,440,612	6,330,019
Monetary assets	4,990,673	2,538,256
Total assets	132,047,290	54,526,922
II. LIABILITIES		
Long-term borrowing liabilities	1,498,120	957,188
Deferred tax liabilities	746,128	331,976
Short-term borrowing liabilities	10,545,886	8,856,645
Accounts payable	11,064,236	5,115,780
Arrears of revenues payable to members (founders)	579	296
Total asset-deductible liabilities	23,854,949	15,261,885
Net asset worth (total assets less total liabilities)	108,192,341	39,265,037

Earnings per Share

	2004	2005
Net profit for the reporting year, RUR thou	2,207,693	2,081,926
Weighted average number of ordinary shares outstanding during the reporting year, thousand shares	28,264,665	28,249,360
Earnings per Share, RUR	0.078	0.074
Diluted earnings per share, RUR	-	-

The requirement to disclose information on the earnings (losses) per share is contained, in relation to Joint Stock Companies, in Accounting Rules 4/99 "Accounting Statements of an Organization" and the Guidelines for Disclosing Information on Earnings per Share as approved by the RF Ministry of Finance's Order No. 29n of March 21, 2000.

The basic earnings per share indicator reflects that part of the reporting period's profit that potentially can be distributed among holders of common shares. It is determined as the profit base for the reporting year divided by the weighted average number of outstanding common shares during the accounting period. The profit base is determined by subtracting the amount of accrued dividends due to holders of preference shares for the accounting period from the reporting period's profit.

MOSENERGO issued no preference shares; therefore, the basic earnings are equal to the net profit of the reporting year.

The earnings per share indicator reflects that part of the reporting period's profit that potentially can be distributed among ordinary shareholders. It is calculated as a ratio of the

net profit for the reporting year to the weighted average number of shares outstanding during the reporting year.

The diluted earnings per share reflect a potential deflation of basic earnings per share in the next periods.

The Company has no convertible securities or agreements referred to in Section 9 of the Guidelines for Disclosing Information on Earnings per Share as approved by the RF Ministry of Finance's Order No. 29n of March 21, 2000.

Analytical Ratios

Methodology for Calculation of Analytical Ratios

Absolute liquidity ratio	Indicates the proportion of the short-term debt that the organization can promptly pay with its cash (Short-term financial investments + Cash) / (Short-Term Borrowings + Short-term payables + Arrears of revenues payable to members (founders) + Other short-term liabilities)
Current liquidity ratio	Indicates the proportion of the short-term debt that can be paid with the total current assets Section 2 total (CURRENT ASSETS) / (Short-term borrowings + Short-term payables + Arrears of revenues payable to members (founders) + Other short-term liabilities)
Financial stability ratio	Shows which part of the assets is financed from stable sources (Section 3 total (CAPITAL AND RESERVES)+ Section 4 total (LONG-TERM LIABILITIES) + Deferred incomes + Provision for Liabilities and Charges) / Balance-sheet total
Overall capital turnover ratio (number of cycles)	Reflects the speed of circulation of the organization's total capital (in cycles per period) Sales proceeds / Balance-sheet total (a mean value for the period under review)
Current assets turnover ratio (number of cycles)	Shows the turnover speed of the organization's total current assets (both tangible and monetary) Sales proceeds/Section 2 total (CURRENT ASSETS) (a mean value for the period under review)
Receivables turnover rate (days)	Indicates the efficiency with which the proceeds from sales are used, and the quality of work with debtors Mean receivables due within 12 months X 360/Sales proceeds
Capital productivity	Measures how efficiently the organization's fixed assets are used Sales proceeds/Fixed assets (a mean value for the period under review)
Sales margin (%)	Shows the profit per unit of sales Profit on sales/Sales proceeds X 100%
Production margin (%)	Shows the profit per unit of costs of generation and sales Profit on sales/Production cost of sold goods, work, services X 100%
Return on aggregate capital (%)	Shows how efficiently the aggregate capital is used Net profit / Balance-sheet total (a mean value for the period under review) X 100%
Return on equity (%)	Shows how efficiently the equity is used Net profit / Section 3 total (CAPITAL AND RESERVES) (a mean value for the period under review) X 100%

Basic Liquidity, Stability, Business Activity and Profitability Ratios of MOSENERGO

Indicator	as of 31.12.2001	as of 31.12.2002	as of 31.12.2003	as of 31.12.2004	as of 31.12.2005
Absolute liquidity ratio	0.22	0.18	0.28	0.23	0.18
Current liquidity ratio	1.68	1.93	1.46	1.02	0.95
Financial stability ratio	0.90	0.92	0.87	0.84	0.74
Overall capital turnover ratio	0.59	0.44	0.57	0.69	0.76
Current asset turnover ratio	2.01	2.68	3.20	3.86	4.04
Receivables turnover ratio	121.26	80.72	61.03	41.66	36.89
Capital productivity	0.93	0.55	0.73	0.91	1.02
Sales margin	20.1%	8.7%	9.5%	15.2%	11.0%
Production margin	25.2%	9.5%	10.6%	18.0%	12.4%
Return on aggregate capital	2.8%	0.5%	1.4%	1.7%	2.2%
Return on equity	3.8%	0.6%	1.7%	2.1%	2.9%

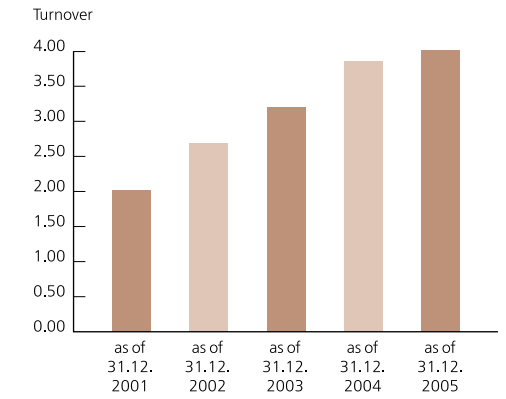
Notes to the Analytical Ratios

The analytical financial ratios calculated based on MOSENERGO's accounting data for the last five years make it possible to collate the performance of the reformed Company with the track record.

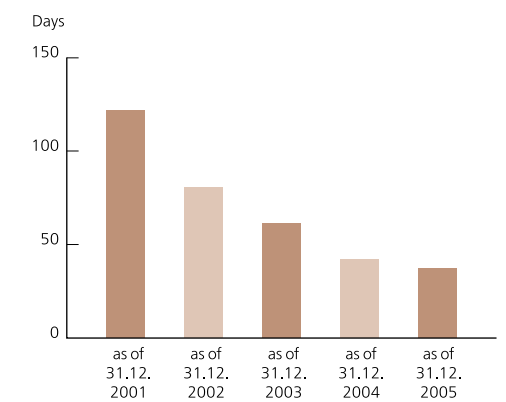
As against 2004, this year shows some decline in the absolute and current liquidity ratios. The decline is brought about by a substantial reduction of the running cash balance on the Company's settlement accounts [14], as well as generally higher rates of decrease in current assets year on year as against the rates of contraction of the Company's short-term loans and credit facilities and accounts payable. In the long run, the liquidity ratio growth will be facilitated by the Company's effort to scale down short-term borrowings, as well as to refinance its short-term debt under ruble-denominated credits on account of proceeds from the placement of a long-term bonded loan.

The financial stability ratio still stands high. As before, the greater part of the Company's assets are financed by equity. Some decay of this ratio results primarily from allocation of MOSENERGO's additional capital to the charter capitals of the joint stock companies formed in the course of restructuring [15].

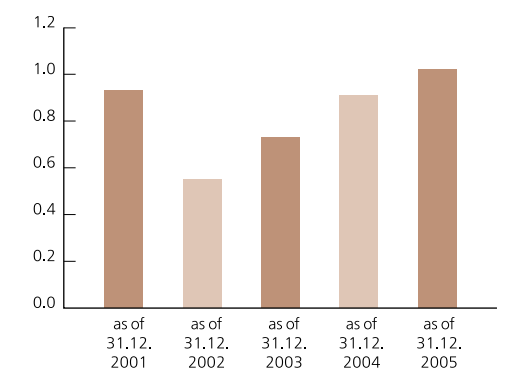
Current asset turnover ratio



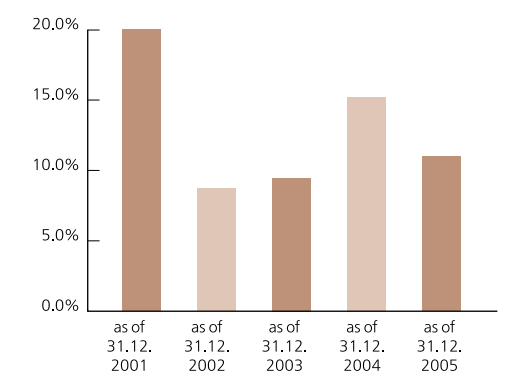
Receivables turnover ratio



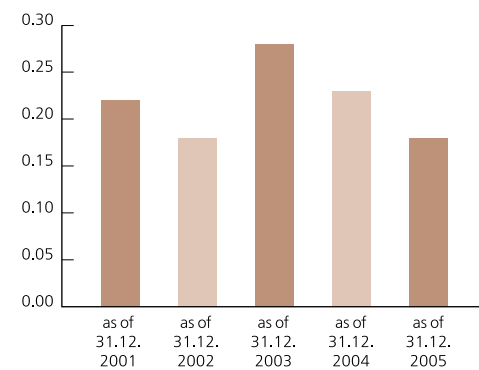
Capital productivity



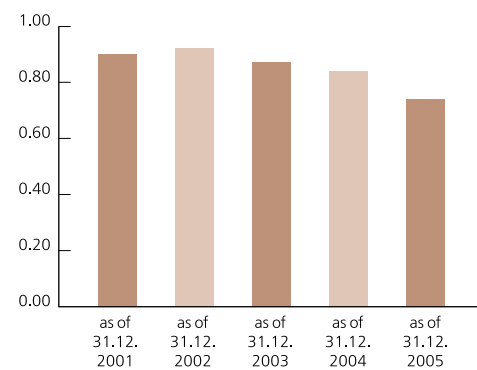
Sales margin



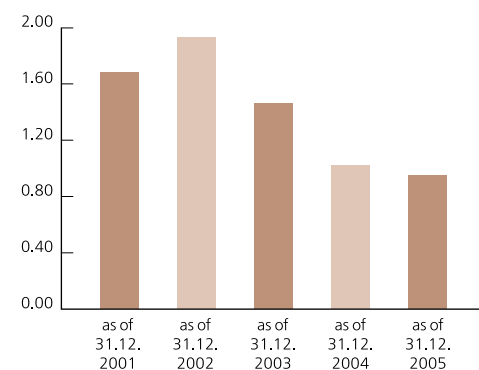
Absolute liquidity ratio



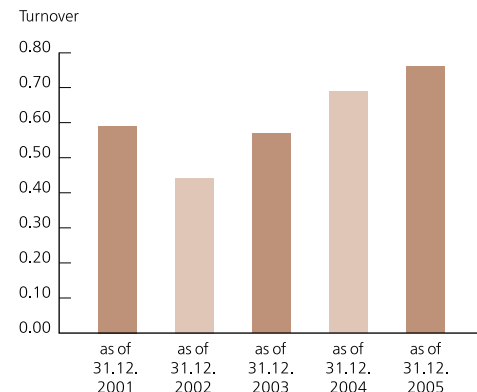
Financial stability ratio



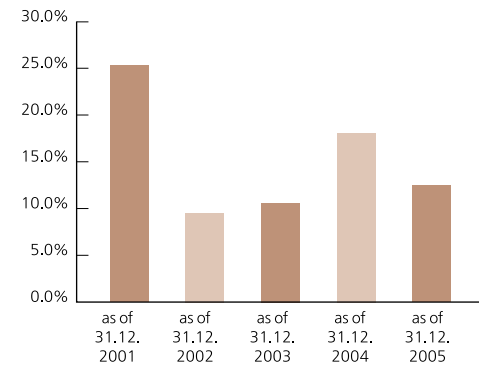
Current liquidity ratio



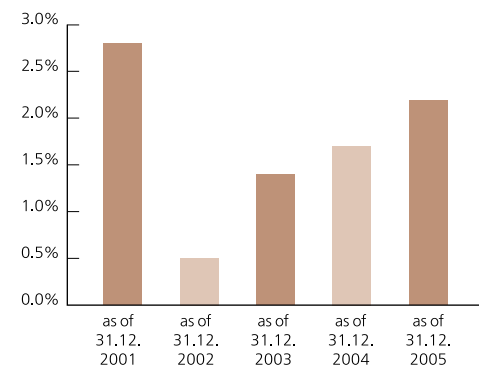
Overall capital turnover ratio



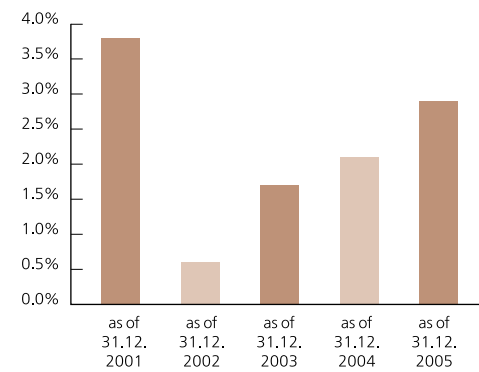
Production margin



Return on aggregate capital



Return on equity



Since 2003, the overall capital turnover, current asset turnover and capital productivity ratios have been drifting upward. The reason behind this is that the Company received proceeds from sales of products in the reporting year at the level of 80% year on year [1]. MOSENERGO's aggregate capital therewith is about 40% of the Company's capital before restructuring as a consequence of hive-off and split-up under the separation balance sheet. By the same token, the receivables turnover ratio calculated in days shows stable improvement.

A somewhat lower sales and production margins are associated with a cutback in the electricity sales on account of detachment of four MOSENERGO's power plants in the course of its restructuring and a change in the electricity sale tariffs as from April 1, 2005. In this case, the fall in the proceeds from electricity sales was partially compensated by a growth of the proceeds from heat sales caused by a rise in heat tariffs as from January 01, 2005, vis-a-vis the previously effective ones [1].




The return on aggregate capital and the return on equity demonstrate a substantial increase owing to the fact that, notwithstanding the restructuring, the Company received net profit at the level of 2004.

7

MANAGEMENT AND SUPERVISION




7.1. Members of the Board of Directors and Remuneration

(elected at the Annual General Meeting of the Company's Shareholders on June 28, 2005)

Full name	Position	Offices held during the last 5 years / Shareholding in the Company, %	Date of first and last election to the Company's Board of Directors
 Yuriy Arkadievich Udaltsov 1961 / Higher, Candidate of physical and mathematical sciences / Russia	Chairman of the Board of Directors, MOSENERGO, Member of the Executive Board, RAO UES of Russia, Head of the Reform Management Center, RAO UES of Russia	Chairman of the Board of Directors, MOSENERGO, Member of the Executive Board, RAO UES of Russia, Head of the Reform Management Center, RAO UES of Russia; Head of the Department for Energy Reform, RAO UES of Russia; Head of the Corporate Strategy Department, RAO UES of Russia; Director General, OOO Carana; Director, Moscow Representative Office of Carana Corporation / No shareholding	28.06.2004/ 28.06.2005
 Pyotr Nikolayevich Aksenov 1946 / Higher, Candidate of Economics / Russia	First Deputy Mayor of Moscow in the Moscow Government, Head of the Municipal Services and Facilities	First Deputy Mayor of Moscow in the Moscow Government, Head of the Municipal Services and Facilities; Prefect of the Southern Administrative District of Moscow / No shareholding	28.06.2004/ 28.06.2005
 Aleksey Feliksovich Bodunkov 1966 / Higher / Russia	Minister of Property Relations, the Moscow Region Government	Minister of Property Relations, the Moscow Region Government; First Deputy Minister of Property Relations, Moscow Region Government; Deputy Minister of the Moscow Region Government – Chief of Staff of the Moscow Region Government; Deputy Chief, Department for Support of the Moscow Government Office; Superintendent Examiner – Deputy General Director ZAO Regional Pledge Company / No shareholding	30.05.2003/ 28.06.2005

Full name	Position	Offices held during the last 5 years / Shareholding in the Company, %	Date of first and last election to the Company's Board of Directors
 Dmitry Valerievich Vasiliev 1962 / Higher / Russia	First Deputy General Director for Strategy and Corporate Policies, MOSENERGO	First Deputy General Director for Strategy and Corporate Policies, MOSENERGO; First Deputy General Director – Managing Director for Corporate Policies and Property Management, MOSENERGO; First Deputy General Director for Corporate Policies and Property Management, MOSENERGO; Chairman of the Board of Directors, Association for Protection of Investor Rights; Executive Director, Autonomous Non-commercial Organization "Institute of Corporate Law and Management"; Chairman of the Federal Commission for Securities Market (FCSM of Russia) / No shareholding	30.05.2003/ 28.06.2005
 Anatoly Anatolievich Gavrilenko 1972 / Higher / Russia	General Director, ZAO Leader (the RF Pension Fund Assets Management Company)	General Director, ZAO Leader (the RF Pension Fund Assets Management Company); Strategic Budgeting Director, ZAO Alor Invest / No shareholding	28.06.2005/ 28.06.2005
 Oleg Markovich Dubnov 1971 / Higher / Russia	Executive Director, Business Unit No. 1, RAO UES of Russia	Executive Director, Business Unit No. 1, RAO UES of Russia; First Deputy General Director, the "Institute of Career Executives" foundation; Deputy General Director, the "Institute of Career Executives" foundation; Leading Specialist of the Legal Support Section, Adviser on the Work of the Boards of Directors to Centrengo, a Representative Office of RAO UES of Russia; Head of the Legal Section, OAO Promenergobank / No shareholding	28.06.2005/ 28.06.2005

Full name	Position	Offices held during the last 5 years / Shareholding in the Company, %	Date of first and last election to the Company's Board of Directors
Year of birth / education / citizenship			
 Anatoly Yakovlevich Kopsov 1942 / Higher, Doctor of Engineering, Professor / Russia	Chairman of the Executive Board, MOSENERGO, General Director, MOSENERGO	Chairman of the Executive Board, MOSENERGO, General Director, MOSENERGO; Director, Capital Construction Directorate, RAO UES of Russia Corporate Center; Director for Construction of Generation Facilities, RAO UES of Russia; Chairman of the Board of Directors, MOSENERGO; Adviser to the Chairman of the Executive Board, RAO UES of Russia; Deputy Chairman of the Executive Board, Member of the Executive Board, RAO UES of Russia; Head of the Joint Stock Companies Department, Member of the Executive Board, RAO UES of Russia / 0.0015%	22.04.1996/ 28.06.2005
 Artem Vladislavovich Kuznetsov 1967 / Higher / Russia	Senior Vice-President, NP GUTA Group	Senior Vice-President, NP GUTA Group; President, NP GUTA Group; Deputy Chairman, First Deputy Chairman, Public Investment Corporation / No shareholding	30.05.2003/ 28.06.2005
Aleksey Anatolievich Matveyev 1963 / Higher / Russia	Deputy Chairman of the Executive Board, JSB Gazprombank (CJSC)	Deputy Chairman of the Executive Board, JSB Gazprombank (CJSC); Managing Director, ZAO Troika Dialog Investment Company; Head of the Investment Banking Department, ZAO Fleming USB / No shareholding	28.06.2004/ 28.06.2005
 Alexander Ivanovich Sobol 1969 / Higher, Candidate of Economics / Russia	Deputy Chairman of the Executive Board, JSB Gazprombank (CJSC)	Deputy Chairman of the Executive Board, JSB Gazprombank (CJSC) / No shareholding	28.06.2004/ 28.06.2005

Full name	Position	Offices held during the last 5 years / Shareholding in the Company, %	Date of first and last election to the Company's Board of Directors
Year of birth / education / citizenship			
 Pavel Stepanovich Smirnov 1952 / Higher, Candidate of Legal Sciences, Doctor of Economics / Russia	Deputy Chairman of the Board of Directors, MOSENERGO, Member of the Executive Board, RAO UES of Russia	Member of the Executive Board, RAO UES of Russia; Director, Department for International Financial and Economic Relations, Bank of Russia / No shareholding	18.05.2001/ 28.06.2005
 Alexander Vasilievich Chikunov 1963 / Higher / Russia	Managing Director of Business Unit No. 1, RAO UES of Russia; Member of the Executive Board, RAO UES of Russia	Managing Director of Business Unit No. 1, RAO UES of Russia; Member of the Executive Board, RAO UES of Russia; Head of the Center for Implementation of AO-Energo Restructuring Projects, RAO UES of Russia; First Deputy General Director, Head of the Investment Development Center, Siberian Technologies Management Company Limited; Director, Siberian Consulting Agency / No shareholding	30.05.2003/ 28.06.2005
 Dmitry Viktorovich Shtykov 1976 / Higher / Russia	General Director, the "Institute of Career Executives" foundation	General Director, the "Institute of Career Executives" foundation; Head of Section, Acting Head of Section, Chief Specialist, Leading Specialist RAO UES of Russia / No shareholding	28.06.2005/ 28.06.2005

Pursuant to the Regulation on Payment of Remuneration and Compensations to the Members of the Board of Directors¹ approved by the Annual General Meeting of Shareholders on June 28, 2005, each member of the Board of Directors received a remuneration at the rate of five minimum wages of a first class worker for the participation in the meetings.

As consistent with the above Regulation and based on the 2005 work results, after an ordinary general meeting the members of the Board of Directors will receive remunerations depending on the declared dividend rate and subject to the number of meetings attended.

The Chairman of the Board of Directors gets a 50% increment in his remuneration.

The total amount of remunerations paid to the members of the Board of Directors for the year 2005 is RUR 2,651,437. In keeping with the resolution of the General Meeting of Shareholders, the members of the Board of Directors will also receive a fee based on the balance of the 2004 work in the amount of RUR 3,180,255.

7.2. Members of the Executive Board and Remuneration

Full name	Year of birth / education / citizenship	Position	Offices held during the last 5 years / Shareholding in the Company, %
Anatoly Yakovlevich Kopsov	1942 / Higher, Doctor of Engineering, Professor / Russia	Chairman of the Executive Board, MOSENERGO, General Director, MOSENERGO	Chairman of the Executive Board, MOSENERGO, General Director, MOSENERGO; Director, Capital Construction Directorate, RAO UES of Russia Corporate Center; Director for Construction of Generation Facilities, RAO UES of Russia; chairman of the Board of Directors, MOSENERGO; Adviser to the Chairman of the Executive Board, RAO UES of Russia; Deputy Chairman of the Executive Board, Member of the Executive Board, RAO UES of Russia; Head of the Joint Stock Companies Department, Member of the Executive Board, RAO UES of Russia / 0.0015%. Electric power industry seniority is over 45 years
Urusbiy Agubekirovich Balikoyev	1933 / Undergraduate, vocational / Russia	Director, OAO Moscow Heating Network Company	Director, Acting Executive Director, OAO Moscow Heating Network Company; Director of Heating Grids, a MOSENERGO branch / No shareholding. Electric power industry seniority is over 35 years
Dmitry Alexandrovich Barshak	1956 / Higher, Candidate of Engineering / Russia	Director for Thermal Engineering, MOSENERGO	Director for Thermal Engineering, MOSENERGO; Deputy Chief Engineer, Thermal Engineering, MOSENERGO; Deputy Chief Maintenance Engineer, TEP-21, a MOSENERGO branch / 0.0017%. Electric power industry seniority is over 25 years
Yevgeny Ivanovich Borisov	1950 / Higher, Doctor of Economics, Professor / Russia	Deputy General Director for Finance, MOSENERGO	Deputy General Director for Finance, MOSENERGO; Authorized Representative to the Federal Bodies of Executive Power, Corporate Center for the Finance and Credit Department, RAO UES of Russia; Head of the Financial Control and Forecasting Department, RAO UES of Russia / No shareholding. Electric power industry seniority is over 25 years
Dmitry Valerievich Vasiliev	1962 / Higher / Russia	First Deputy General Director for Strategy and Corporate Policies, MOSENERGO	First Deputy General Director for Strategy and Corporate Policies, MOSENERGO; First Deputy General Director – Managing Director for Corporate Policies and Property Management, MOSENERGO; First Deputy General Director for Corporate Policies and Property Management, MOSENERGO; Chairman of the Board of Directors, Association for Protection of Investor Rights; Executive Director, Autonomous Non-commercial Organization “Institute of Corporate Law and Management”; Chairman of the Federal Commission for Securities Market (FCSM of Russia) / No shareholding. Electric power industry seniority is 4 years
Yuriy Leonidovich Guskov	1938 / Higher, Candidate of Engineering / Russia	Director of TEP-21, a MOSENERGO branch	Director of TEP-21, a MOSENERGO branch / No shareholding. Electric power industry seniority is over 40 years

Full name	Year of birth / education / citizenship	Position	Offices held during the last 5 years / Shareholding in the Company, %
Tatiana Petrovna Dronova	1954 / Higher / Russia	Chief Accountant, MOSENERGO	Chief Accountant, MOSENERGO; Deputy Head of the Department, Rosenergoatom Concern, Ministry of Atomic Energy of the Russian Federation; Chief Accountant, MOSENERGO / 0.0017%. Electric power industry seniority is 25 years
Aleksey Nikolayevich Karev	1941 / Higher, Doctor of Engineering, Academician / Russia	Director of the CRMZ (Central Mechanical Repair Workshop), a MOSENERGO branch	Director of the CRMZ (Central Mechanical Repair Workshop), a MOSENERGO branch / 0.014%. Electric power industry seniority is over 45 years
Vladimir Anatolievich Kimerin	1963 / Higher / Russia	Deputy General Director for Energy Sales, MOSENERGO (pluralistically); General Director, OAO Mosenergosbyt	Deputy General Director for Energy Sales, MOSENERGO (pluralistically); General Director, OAO Mosenergosbyt; Deputy Managing Director, Executive Director of Business Unit No. 1, Deputy Head of Department – Head of Section, First Deputy Head of Department, Head of the Energy Sales Department, RAO UES of Russia / No shareholding. Electric power industry seniority is over 20 years
Vasily Yakovlevich Krivososov	1955 / Higher / Russia	Deputy General Director for General Affairs, MOSENERGO	Deputy General Director for General Affairs, MOSENERGO; First Deputy General Director, OAO Volgaenergostonabkomplekt; Head of Marketing Section, Acting Deputy General Director, Deputy General Director for General Affairs, OAO Vladimirenergo / No shareholding. Electric power industry seniority is 9 years
Anatoly Pavlovich Kuleshov	1954 / Higher / Russia	Director for Capital Construction, MOSENERGO	Director for Capital Construction, MOSENERGO; Deputy General Director for Capital Construction, MOSENERGO; Director of Complete Equipment Supply Company (PPTK), a MOSENERGO branch; Director, Acting Director, Chief Engineer, Zagorsk PSP, a MOSENERGO branch / 0.0035%. Electric power industry seniority is over 25 years
Alexander Alexandrovich Negomedzyanov	1952 / Higher / Russia	First Deputy General Director for Financial and Economic Issues, MOSENERGO	First Deputy General Director for Financial and Economic Issues, Logistics and Sales, MOSENERGO; Deputy Managing Director, Executive Director, Business Unit No. 1, RAO UES of Russia; Director of Operations, RAO UES of Russia; Head of the Connection Fee Department, RAO UES of Russia; Head of the Energy Sales and Connection Fee Department, RAO UES of Russia; First Deputy Head of the Energy Sales and Connection Fee Department, RAO UES of Russia / No shareholding. Electric power industry seniority is over 25 years

Full name	Year of birth / education / citizenship	Position	Offices held during the last 5 years / Shareholding in the Company, %
Sergey Yurievich Rumyantsev	1956 / Higher, Candidate of Economics / Russia	Deputy General Director for Economics, MOSENERGO	Deputy General Director for Economics, MOSENERGO; Deputy Chairman of the Executive Board for Finances and Payments, NP ATS; Finance Director, ZAO DitGaz / No shareholding. Electric power industry seniority is 25 years
Vladimir Valentinovich Sergeyev	1957 / Higher, Candidate of Engineering / Russia	First Deputy General Director – Chief Engineer, MOSENERGO	First Deputy General Director – Chief Engineer, MOSENERGO; Director of TEP-20, a MOSENERGO branch / 0.014%. Electric power industry seniority is 25 years
Nestor Ivanovich Serebryanikov	1929 / Higher, Doctor of Engineering / Russia	Adviser to the General Director, MOSENERGO	Adviser to the General Director, MOSENERGO; General Director, MOSENERGO / 0.0003%. Electric power industry seniority is over 50 years

The amount of payments to the General Director of the Company is determined in accordance with the Regulation on Stimulating Remuneration of MOSENERGO's General Director approved by the Board of Directors (Minutes No. 8, dated September 19, 2005).¹

The Regulation on Stimulating Remuneration of MOSENERGO's General Director provides for a compensation plan comprising:

1. An official salary determined subject to the energy company's earnings for the preceding year;
2. Bonus payments:
 - on a quart-end basis – based on the key performance indicators (KPI) representing the Company's financial performance in general, that includes the Index of Budgeting Quality and the Terminal Liquidity Ratio. The quarterly bonus is paid subject to compliance with such performance indicators as "No Record of Disobedience of OAO UES SO-CDU Dispatcher Instructions in View of Failure to Comply with the Stated Available Capacity" and "No Record of Fatal Industrial Accidents in the Quarter";
 - on a year-end basis – based on the indicators reflecting the technical/economic and financial performance of the energy company in general: Return of Equity and Limit of Operating Costs. The annual bonus is paid subject to "Break-even Operation of the Company" as evidenced by the year-end returns and subject to no major technical breakdowns or accidents entailing electric and heat power cuts for a long period.
 - with a view to motivating the Company's General Director to attain a high value of the Return of Equity KPI, a provision may be made for the General Director to receive a special bonus based on the balance of the Company's work at year-end as a share of net profit.

The target values of the key performance indicators are approved by MOSENERGO's Board of Directors.

The amount of remunerations due to the members of the Executive Board, inclusive of the Chairman, is determined by the Resolution passed by the Board of Directors of the Company on June 18, 2001¹ (Minutes No. 2), at the level of the 20th step of payment for labor as per the table of rates adopted in the Company

Remunerations to the members of the Executive Board who are simultaneously the members of the Board of Directors of the Company are paid only as to the members of the Board of Directors.

The amount of remunerations, benefits and compensations for expenses paid to all members of the MOSENERGO governing bodies in 2005 totaled RUR 164,794,342, including:

Executive Board:	
salary (RUR)	26,859,287
bonuses (RUR)	45,779,363
other pecuniary allowances (RUR)*	2,106,140
Total (RUR)	74,744,790
Board of Directors:	
salary (RUR)	15,704,577
bonuses (RUR)	47,625,239
other pecuniary allowances (RUR)*	26,719,736
Total (RUR)	90,049,552

* Compensatory payments in case of dissolution of labor contract.

¹ 3.1.9.

7.3. Members of the Audit Commission and Remuneration

Full name	Year of birth / education / citizenship	Position	Offices held during the last 5 years / Shareholding in the Company, %
Sergey Borisovich Sidorov	1952 / Higher / Russia	Chairman of the Audit Commission, MOSENERGO; Head of the Internal Audit Department, RAO UES of Russia Corporate Center	Head of the Internal Audit Department, RAO UES of Russia Corporate Center, Head of the Financial Audit Department, RAO UES of Russia / 0.00000035%
Andrey Vladimirovich Gabov	1973 / Higher, Candidate of Legal Sciences / Russia	Head of the Corporate Governance and Shareholder Relations Department, RAO UES of Russia Corporate Center	Head of the Corporate Governance and Shareholder Relations Department, RAO UES of Russia Corporate Center, Head of the Corporate Governance Department, RAO UES of Russia Corporate Center; Head of the Corporate Policies Department, RAO UES of Russia; Deputy Head of the Corporate Governance Department, RAO UES of Russia / No shareholding
Olga Andreyevna Sannikova	1979 / Higher / Russia	Operating Director for Investment Activities, JSB Gazprombank (CJSC)	Operating Director for Investment Activities, JSB Gazprombank (CJSC); Chief Specialist, Tax Assessment Analysis and Control Section, Internal Control Department, JSB Gazprombank (CJSC); Expert, Audit Section, ZAO Arthur Andersen / No shareholding
Dmitry Yurievich Tushunov	1964 / Higher, Candidate of Economics / Russia	Chief Economist, ZAO Leader (the RF Pension Fund Assets Management Company)	Chief Economist, ZAO Leader (the RF Pension Fund Assets Management Company); Head of the Professional Securities Market Participants Service Section, Delovaya Perspektiva Auditing Firm Limited; Project Manager, ZAO Rosbuilding Investment Company; Researcher, "Higher School of Economics" State University / No shareholding
Igor Ivanovich Uzgorov	1964 / Higher / Russia	Head of the SACs Financial and Economic Operations Control Department, Business Unit No. 1, RAO UES of Russia	Head of the SACs Financial and Economic Operations Control Department, Business Unit No. 1, RAO UES of Russia; Executive Director, OAO Russian Communal Systems; Adviser to the "Institute of Career Executives" foundation; General Director's Adviser on the Work of the Boards of Directors, General Director's Adviser on the Work of the Audit Commissions, Head of the Financial Analysis and Control Section, Head of the Financial Analysis and Audit Section, Sibirenergo, a Representative Office of RAO UES of Russia / No shareholding

The size of and procedure for payment of all remunerations and compensations to the members of the Company's Audit Commission are established by the Regulation on Payment of Remuneration and Compensations to the Members of MOSENERGO's Audit Commission¹ approved by the Annual General Meeting of the Company's Shareholders on May 30, 2002.

For the participation in audits of the financial and economic activities, every member of the Audit Commission receives a lump-sum remuneration at the rate of three minimum wages of a first class worker with an allowance for indexation stipulated by the sector's tariff agreement.

For every completed audit of the financial and economic activities of the Company, every member of the Audit Commission may receive an extra fee at the rate of up to twenty minimum wages of a first class worker with an allowance for indexation. The Chairman of the Audit Commission gets a 50% increment in his remuneration.

The total amount of remunerations, benefits and compensations paid by the Company to the members of MOSENERGO's Audit Commission for the year 2005 was RUR 1,083,476 including:

salary (RUR)	528,507
bonuses (RUR)	554,969
other pecuniary allowances (RUR)	0

8

ADDITIONAL INFORMATION

8.1. Generation Facilities

MOSENERGO'S power stations (as of 01.01.2006)

Power stations	Aggregate electrical capacity, MW	Aggregate heat capacity*, Gcal/h	First unit commissioned	Latest unit commissioned	
				turbines	boilers
TEP-1, including the branch	70.00	893.00	1897	1998	2001
LAPS-3	627.08	298.98	1914	1999	2000
TEP-6	24.00	139.00	1930	1985	1961
TEP-8	605.00	2,192.00	1930	1986	1986
TEP-9	250.00	859.00	1933	1991	1993
TEP-11	330.00	1,011.00	1936	2001	2002
TEP-12, including the branch	408.00	2,043.00	1941	1998	1992
TEP-16	360.00	1484.00	1955	1994	1963
TEP-17	192.00	712.00	1950	2002	1957
TEP-20	730.00	2,400.00	1952	1999	2002
TEP-21	1,340.00	4,603.00	1963	2000	1983
TEP-22	1,300.00	3,614.00	1960	2003	1973
TEP-23	1,410.00	4,515.00	1966	1997	1982
TEP-25	1,370.00	4,088.00	1976	1991	1991
TEP-26	1,410.00	4,006.00	1981	1988	1988
TEP-27	160.00	1,276.00	1992	1998	1998
TEP-28	25.00	40.00	1992	1993	1993
Total:	10,611.08	34,173.98			

* the aggregate heat capacity includes the capacity of steam water boilers.

8.2. Energy Generation in 2003-2005

Power station	Electricity generation, kWh mln			Heat dispatched from manifolds, Gcal'000		
	2003	2004	2005	2003	2004	2005
TEP-1	395.1	380.1	365.3	2,079.1	1,895.1	1,948.9
LAPS-3	154.8	138.1	148.4	444.3	436.8	391.2
TEP-6	33.7	34.3	34.9	184.7	177.0	186.5
TEP-8	2,865.8	2,770.1	2,935.0	2,628.2	2,378.5	2,427.1
TEP-9	1,314.1	1,221.1	1,473.4	1,661.1	1,558.0	1,552.4
TEP-11	2,049.1	1,867.9	1,982.2	2,236.2	2,033.8	2,346.3
TEP-12	2,693.8	2,614.8	2,732.4	3,588.2	3,349.3	3,365.2
TEP-16	2,283.2	2,396.7	2,386.9	4,343.3	4,016.6	3,905.1
TEP-17	579.4	565.4	594.3	646.5	682.0	582.1
TEP-20	3,819.4	3,768.9	4,027.8	4,949.0	4,644.1	4,737.5
TEP-21	9,047.8	9,113.6	8,945.4	11,894.8	11,420.9	11,458.8
TEP-22	8,036.2	8,199.6	8,489.4	9,898.9	9,226.0	9,350.3
TEP-23	8,589.2	8,734.3	8,943.6	9,701.8	9,331.6	9,249.1
TEP-25	8,842.8	8,313.0	8,648.6	6,843.4	7,190.2	7,200.2
TEP-26	9,027.7	8,932.2	8,479.5	8,965.6	8,766.9	8,972.1
TEP-27	1,141.9	1,116.4	1,261.3	2,101.5	2,315.4	2,447.0
TEP-28	104.7	106.7	107.1	207.1	199.8	205.5
Total:	60,978.7	60,273.2	61,555.5	72,373.7	69,622.0	70,325.3
LAPS-4	6,541.9	5,803.2	1,425.0*	393.9	396.7	175.9*
LAPS-5	3,751.8	3,135.6	942.8*	509.0	491.4	223.3*
LAPS-24	1,911.5	1,492.8	431.6*	-	-	-
Zagorsk PSP	1,943.6	1,950.2	457.5*	-	-	-
Ultimate	75,127.5	72,655.0	64,812.4	73,276.6	70,510.1	70,724.5

* 1Q 2005 data

8.3. Information on Material Facts

The year 2005 saw 37 material facts (in keeping with the classification of the Federal Financial Markets Service of the Russian Federation), with 26 material facts being information about the commencement and completion of placing of shares of the companies established as a result of MOSENERGO reorganization. Detailed information on all material facts is available on the Company's website.¹

8.4. Resolutions Adopted by the General Meeting of Shareholders

Date and place of the meeting: June 28, 2005, 3 Lenina St., Dzerzhinsky, Moscow Region.

General Meeting quorum:

The total number of votes which the holders of voting shares of the company possess is 28,249,359,700.

As directed by Article 1 (58) of the Federal Law "On Joint Stock Companies", a general meeting of shareholders is legally qualified (has a quorum) if attended by shareholders possessing in the aggregate more than half of the votes (50% +1) of the issued voting shares of the Company (14,124,679,851 votes).

At the commencement of the meeting, cum ballots received two days before the date of the meeting of shareholders, the shareholding of the members registered for participation in the meeting personally or by proxy totaled 26,600,117,898 voting shares, or 94.1% of votes of the shareholders eligible to participate in the General Meeting of Shareholders.

The quorum is reached. The General Meeting of Shareholders of MOSENERGO, Open Joint Stock Company for Energy and Electrification, was declared legally qualified.

Matters put to vote and the results of voting on such matters

1. Approval of 2004 Annual Report.

The counting of votes of the voted valid ballots showed the following results:

"For"	93.46%
"Against"	0.01%
"Abstained"	0.01%

2. Approval of Annual Financial Statements, Including the Company's Profit and Loss Statements, as well as Distribution of Profits, Including Payment of 2004 Year-end Dividends.

The counting of votes of the voted valid ballots showed the following results:

"For"	91.78%
"Against"	0.01%
"Abstained"	0.01%

3. On Payment of Remuneration and Compensations to the Members of the Board of Directors.

The counting of votes of the voted valid ballots showed the following results:

"For"	93.41%
"Against"	0.04%
"Abstained"	0.02%

4. On Payment of Remunerations and Compensations to the Members of the Audit Commission.

The counting of votes of the voted valid ballots showed the following results:

"For"	93.43%
"Against"	0.02%
"Abstained"	0.02%

5. Election of the Members of the Board of Directors.

This item was decided by cumulative vote. The counting of votes showed the following results:

1. Abyzov Mikhail Anatolievich	0.00%
2. Aksenov Pyotr Nikolayevich	8.03%
3. Bakatin Dmitry Vadimovich	0.00%
4. Bodunkov Aleksey Feliksovich	7.00%
5. Brylkov Vladislav Viktorovich	0.00%
6. Bykhanov Yevgeny Nikolayevich	0.00%
7. Chabak Anatoly Antonovich	0.55%
8. Chikunov Alexander Vasilievich	7.00%
9. Chistyakov Alexander Nikolayevich	0.00%
10. Dubnov Oleg Markovich	6.97%
11. Eremeyev Maksim Alexandrovich	0.00%
12. Gavrilenko Anatoly Anatolievich	7.06%
13. Goryunov Igor Timofeyevich	0.44%
14. Kobzar Igor Alexandrovich	0.14%
15. Komanov Viktor Alekseyevich	0.00%
16. Kopsov Anatoly Yakovlevich	7.65%
17. Kravtsov Andrey Nikolayevich	0.00%
18. Kuznetsov Artem Vladislavovich	7.44%
19. Logovinskiy Yevgeny Ilich	0.00%
20. Matveyev Aleksey Anatolievich	7.06%
21. Nepsha Valery Vasilievich	0.00%
22. Nikitin Danil Nikolayevich	0.00%

23. Rappoport Andrey Natanovich	0.00%
24. Seleznev Cyrill Gennadievich	0.00%
25. Semin Nikolay Alekseyevich	0.00%
26. Shcherbovich Ilya Viktorovich	0.00%
27. Shtykov Dmitry Viktorovich	7.00%
28. Skribot Wolfgang	5.41%
29. Smirnov Pavel Stepanovich	7.00%
30. Sobol Alexander Ivanovich	7.07%
31. Udaltsov Yuriy Arkadievich	7.00%
32. Vasiliev Dmitry Valerievich	7.08%
33. Yevstafiev Arkady Vyacheslavovich	0.01%
Against all nominees	0.00%
Abstained wrt all nominees	0.00%

6. Election of the Members of the Company's Audit Commission.

Shares owned by members of the Board of Directors of the Company, or by persons holding offices in the management bodies of the Company did not participate in the voting when electing members of the Audit Commission of the Company. The counting of votes of the voted valid ballots showed the following results:

	"For"	"Against"	"Abstained"
Zabrodin O.V.	4.14%	34.61%	54.06%
Uzgorov I.I.	84.74%	8.04%	0.01%
Gabov A.V.	87.86%	4.92%	0.01%
Sidorov S.B.	84.74%	8.05%	0.01%
Sinyavsky A.S.	4.09%	34.64%	54.07%
Tushunov D.Yu.	80.67%	12.06%	0.02%
Sannikova O.A.	88.70%	4.04%	0.02%
Kuzhileva E.E.	8.04%	30.63%	54.08%
Molchanov P.S.	8.04%	30.63%	54.08%

7. Approval of the Company Auditor for 2005.

The counting of votes of the voted valid ballots showed the following results:

"For"	93.45%
"Against"	0.01%
"Abstained"	0.02%

8. On Approval of the Redrafted Charter of the Company.

A decision on the issue is to be adopted by a three-fourths majority vote of the members holding voting shares in the Company.

The counting of votes of the voted valid ballots showed the following results:

"For"	92.89%
"Against"	0.56%
"Abstained"	0.02%

9. On Approval of the Redrafted Procedure for Convocation and Holding of Meetings of the Company's Board of Directors.

The counting of votes of the voted valid ballots showed the following results:

"For"	92.88%
"Against"	0.57%
"Abstained"	0.02%

10. On Approval of the Redrafted Articles of the Executive Board of the Company.

The counting of votes of the voted valid ballots showed the following results:

"For"	92.88%
"Against"	0.57%
"Abstained"	0.02%

11. On Approval of the Redrafted Regulation on Payment of Remuneration and Compensations to the Members of the Company's Board of Directors.

The counting of votes of the voted valid ballots showed the following results:

"For"	93.40%
"Against"	0.04%
"Abstained"	0.03%

Wordings of the resolutions made by the General Meeting

On Item 1:

1. The Annual Report of the Company for 2004 be approved.

On Item 2:

1. The annual financial statements of the Company for 2004, the Profit and Loss Statement of the Company based on the 2004 results be approved.

2. The following distribution of the Company's profit (loss) for the financial year 2004 be approved.

Net profit	
for the accounting period	RUR 2,207,693 thousand
Reserve capital	RUR 110,385 thousand
Accumulation fund	RUR 1,472,997 thousand
Dividends	RUR 624,311 thousand.

3. Dividends on the Company's ordinary shares based on the annual returns of 2004 be paid at the rate of RUR 0.0221 per ordinary share of the Company in cash within 60 days after the date when the decision to pay the same was made.

On Item 3:

Remunerations and compensations to the members of the Board of Directors be paid based on the year-end returns in accordance with the Regulation for Payment of Remuneration and Compensations to the Members of the Board of Directors of MOSENERGO approved by the Annual General Meeting of Shareholders on May 30, 2003.

On Item 4:

Remunerations and compensations to the members of the Audit Commission be paid based on the year-end returns in accordance with the Regulation for Payment of Remuneration and Compensations to the Members of the Audit Commission of MOSENERGO approved by the Annual General Meeting of Shareholders on May 30, 2002.

On Item 5:

The following members be elected on the Company's Board of Directors:

1. Pyotr Nikolayevich Aksenov
2. Anatoly Yakovlevich Kopsov
3. Artem Vladislavovich Kuznetsov
4. Dmitry Valerievich Vasiliev
5. Alexander Ivanovich Sobol
6. Anatoly Anatolievich Gavrilenko
7. Aleksey Anatolievich Matveyev
8. Aleksey Feliksovich Bodunkov
9. Alexander Vasilievich Chikunov
10. Yuriy Arkadievich Udaltsov
11. Pavel Stepanovich Smirnov
12. Dmitry Viktorovich Shtykov
13. Oleg Markovich Dubnov

On Item 6:

The following members be elected on the Audit Commission of the Company:

1. Olga Andreyevna Sannikova
2. Andrey Vladimirovich Gabov
3. Igor Ivanovich Uzgorov
4. Sergey Borisovich Sidorov
5. Dmitry Yurievich Tushunov

On Item 7:

PricewaterhouseCoopers Audit, a private company, be approved as the Company auditor.

On Item 8:

The Charter of the Company be approved as redrafted.

On Item 9:

The Procedure for Convocation and Holding of Meetings of the Company's Board of Directors be approved as redrafted.

On Item 10:

The Articles of the Executive Board of the Company be approved as redrafted.

On Item 11:

The Regulation on Payment of Remuneration and Compensations to the Members of the Company's Board of Directors be approved as redrafted.

More information on resolutions of the General Meeting is available on the Company's website.¹

8.5. Corporate Governance Code – Compliance Information**General Meeting of Shareholders**

1. Notifying shareholders about a general shareholders meeting not less than 30 days prior to its holding irrespective of the business to be transacted unless a longer period is stipulated by law

Observed

Charter, Art. 11, Item 11.5

2. Granting shareholders an opportunity to familiarize themselves with the list of persons entitled to participate in the general shareholders meeting, starting with the day of notification of a general shareholders meeting to be held until the closure of a general shareholders meeting held in person, and if the general shareholders meeting is held in absentia – until the final date of ballot acceptance

Observed

3. Granting shareholders an opportunity to familiarize themselves with information (materials), that are to be provided to shareholders during preparation for holding of a general shareholders meeting, by means of communications equipment, including through the Internet

Observed in part

Charter, Art. 11, Item 11.7

4. The shareholders' entitlement to enter an item on the general meetings' agenda or demand the convocation of a general shareholders meeting without presenting any documents if his/her rights to shares are exercised within the register-keeping system, and if his/her rights to shares are accounted on a custody account – with the presentation of a statement of the custody account in order to exercise the aforementioned rights

Observed

The procedure for entering an item on the general shareholders meetings' agenda and the procedure for convocation of a general shareholders meeting are determined by the current legislation. Neither Charter nor internal documents of the Company make any provision for mandatory issuance of an extract from the share register or a statement of the custody account when placing questions on the agenda or convening a meeting

5. Existence of a requirement in a joint stock company's charter or internal documents providing for compulsory attendance of the general shareholders meetings by the general director, members of the managerial board, members of the board of directors, members of the audit commission and auditor of the joint stock company

Observed in part

Charter, Art. 11, Item 11.1.

A general meeting of the Company shareholders may be attended by the General Director, members of the Executive Board, members of the Board of Directors, members of the Audit Commission and the auditor of the Company

6. Compulsory attendance of the candidates during discussion at a general shareholders meeting of items concerning election of members of the board of directors, the general director, members of the managerial board, members of the audit commission, as well as concerning approval of the joint stock company's auditor

Not observed

Charter, Art. 11, Item 11.1.

A general meeting of the Company shareholders may be attended by the General Director, members of the Executive Board, members of the Board of Directors, members of the Audit Commission and the auditor of the Company

7. Detailing in a joint stock company's internal documents the procedure for registration of participants in a general shareholders meeting

Observed

Procedure for Preparation and Holding of the General Meeting of MOSENERGO's Shareholders, Item 3.1, determines a procedure for registering persons eligible to participate in the general meeting of the Company shareholders

Board of Directors

8. Stipulating in a joint stock company's charter the authority of the board of directors to approve annually a financial and economic plan of the joint stock company

Observed

Charter, Art. 15, Item 22

9. Existence in a joint stock company of a board of directors-approved risk management procedure

Observed

MOSENERGO's Risk Management Regulation

10. Stipulating in a joint stock company's charter the authority of the board of directors to suspend the mandate of the general director appointed by the general shareholders meeting

Not applicable

Charter, Art. 15, Item 12.

The Director General is elected by the Board of Directors of the Company.

11. Stipulating in a joint stock company's charter the authority of the board of directors to set requirements to the qualifications and amount of remuneration of the general director, members of the managerial board, principal executives of the joint stock company

Observed in part

Charter, Art. 15, Item 14

12. Stipulating in a joint stock company's charter the authority of the board of directors to approve the terms and conditions of employment contracts with the general director and members of the managerial board

Observed

Charter, Art. 15, Item 14

13. Existence of a requirement in a joint stock company's charter or internal documents stipulating that the votes of the members of the board of directors who are the general director or members of the managerial board should not be counted when approving the terms and conditions of employment contracts with the general director (managing organization, manager) and members of the managerial board

Not observed

Charter, Art. 15, Item 15.14.

The Board of Directors of the Company approves the terms and conditions of contracts (including with regard to the term of office) with the general director of the Company, members of the Executive Board, management organization (manager), and modification of the said contracts

14. Presence of not less than three independent directors on the joint stock company's board of directors meeting the requirements of the Corporate Governance Code

Observed

There are seven independent directors on the Board of Directors

15. Absence among the members of the board of directors of a joint stock company of the persons who were found guilty of an economic offence or offences against the state power, interests of civil service and service in local government bodies, or who were subject to administrative punishments for a business delinquency or wrong-doing in the sphere of finance, revenue, and securities market

Observed

16. Absence among the members of the board of directors of a joint stock company of the persons who are shareholders, general directors (managers), members of management bodies or employees of legal entities competing with the joint stock company

Observed

¹ 3.1.8.

17. Stipulating in a joint stock company's charter a requirement for the board of directors to be elected by cumulative voting

Observed

Charter, Art. 10, Item 10.8

18. Stipulating in a joint stock company's internal documents a requirement for the members of the board of directors to hold back from doing anything that will or may potentially give rise to a conflict between their interests and interests of the joint stock company, and if such a conflict arises – a requirement to disclose information about the conflict to the board of directors

Observed in part

Article 8 of the Regulation on MOSENERGO's Information Policy stipulates the duty of the members of the Board of Directors to notify the Board of Directors in writing that a conflict between their interests and interests of the Company has arisen or may arise

19. Stipulating in a joint stock company's internal documents the duty of the members of the board of directors to notify the board of directors in writing of their intention to carry out transactions with securities of the joint stock company, of which they are members of the board of directors, or its subsidiaries (associated companies), and to disclose information on transactions with such securities carried out by them

Observed

Regulation on MOSENERGO's Information Policy, Art. 8, Item 8.2

20. Existence of a requirement in a joint stock company's internal documents for holding meetings of the board of directors not less frequently than once every six weeks

Observed

Charter, Art. 18, Item 18.2

21. Holding meetings of the board of directors of a joint stock company during the year of the annual report of the joint stock company not less frequently than once every six weeks

Observed

In 2005, the Board of Directors held 28 meetings

22. Stipulating in a joint stock company's internal documents proceedings for the meetings of the board of directors

Observed

Procedure for Convocation and Holding of Meetings of the Company's Board of Directors

23. Existence of a provision in a joint stock company's internal documents envisaging the board of directors' approval of the joint stock company's transactions to a sum of ten and more percent of the company's asset value, with the exception of transactions carried out in the ordinary course of business

Observed

Charter, Art. 15, Item 15.1, Sub-item 38

24. Stipulating in a joint stock company's internal documents the right of the members of the board of directors to receive information from the executive bodies and heads of major divisions of the joint stock company that they need to properly discharge their functions, as well as penalties for failure to do so

Observed in part

Procedure for Convocation and Holding of Meetings of the Company's Board of Directors, Art. 3, Item 3.1., Sub-item 1, Item 3.2., Item 3.3.

25. Existence of the board of directors' strategic planning committee or assignment of the committee's functions to another committee (other than the audit committee or personnel and remuneration committee)

Not observed

The committee has not been appointed

26. Existence of a committee of the board of directors (the audit committee) which recommends an auditor of the joint stock company to the board of directors and interacts with him and with the audit commission of the joint stock company

Observed

The Board of Directors approved the Regulation on the Audit Committee of MOSENERGO's Board of Directors, Minutes No. 18 of 04.03.2005, Item 2.1.3.

27. Only independent and non-executive directors on the audit committee

Observed in part

Composition of the audit committee is approved:

A.V. Kuznetsov – chairman

P.N. Aksenov

P.S. Smirnov

A.I. Sobol

O.M. Dubnov

(Minutes of the Board of Directors No. 23, dated May 11, 2005, Minutes of the Board of Directors No. 10, dated October 24, 2005)

28. An independent director at the head of the audit committee

Observed

Chairman of the Audit Committee – A.V. Kuznetsov (Minutes of the Board of Directors No. 10, dated October 24, 2005)

29. Stipulating in a joint stock company's internal documents the right of all members of the audit committee to access any documents and information of the joint stock company subject to non-disclosure of confidential information

Observed

Regulation on the Audit Committee of MOSENERGO's Board of Directors, Art. 3, Art. 10

30. Establishment of a committee of the board of directors (the human resources and remuneration committee) charged with definition of eligibility criteria applicable to candidates for the position of member of the board of directors and development of the joint stock company's remuneration policy

Observed

Regulation on the Human Resources and Remuneration Committee of MOSENERGO's Board of Directors is approved, Art. 2, Item 2.2

31. An independent director at the head of the human resources and remuneration committee

Observed

Composition of the Human Resources and Remuneration Committee of MOSENERGO's Board of Directors is approved:

P.N. Aksenov

A.F. Bodunkov

A.V. Kuznetsov

A.A. Matveyev

P.S. Smirnov

A.I. Sobol

32. No officers of the joint stock company on the human resources and remuneration committee

Observed

See Item 31

33. Establishment of the board of directors' risk committee or assignment of the committee's functions to another committee (other than the audit committee or personnel and remuneration committee)

Not observed

The committee has not been appointed. The Risk Management Regulation of MOSENERGO is approved

34. Establishment of the board of directors' corporate conflict resolution committee or assignment of the committee's functions to another committee (other than the audit committee or personnel and remuneration committee)

Not observed

The committee has not been appointed

35. No officers of the joint stock company on the corporate conflict resolution committee

Not applicable

See Item 34

36. An independent director at the head of the corporate conflict resolution committee

Not applicable

See Item 34

37. Existence of board of directors-approved internal documents of the joint stock company stipulating procedures for formation and functioning of the board of directors committees

Observed

Regulation on the Audit Committee of MOSENERGO's Board of Directors, Art. 5

Regulation on the Human Resources and Remuneration Committee of MOSENERGO's Board of Directors, Art. 6

38. Existence of procedures in a joint stock company's charter for determining whether a quorum is present at a meeting of the board of directors that enables to ensure obligatory participation of independent directors in the board of directors' meetings

Not observed

Charter, Art. 18, Items 18.7 through 18.13

Executive Bodies

39. Existence of a collegial executive body (managerial board) of a joint stock company

Observed

Charter, Art. 21, Item 21.1

40. Existence of a provision in a joint stock company's charter or internal documents envisaging the requirement of the managerial board's approval of any real estate transactions and borrowings by the joint stock company, provided that such transactions are not classified as major transactions, and the joint stock company does not customarily engage in such transactions in the ordinary course of its business

Observed

Charter, Art. 22, Item 22.2, Sub-item 10-12

41. Detailing in a joint stock company's internal documents the procedure for obtaining approval for operations outside the scope of the financial and business plan of the joint stock company

Not observed

42. Absence among the members of the executive bodies of a joint stock company of the persons who are a shareholder, the general director (manager), a member of a management body or an employee of a legal entity competing with the joint stock company

Observed

43. Absence among the members of the executive bodies of a joint stock company of the persons who were found guilty of an economic offence or offences against the state power, interests of civil service and service in local government bodies, or who were subject to administrative punishments for a business delinquency or wrong-doing in the sphere of finance, revenue, and securities market. Where the functions of the sole executive body are exercised by a managing organization or a manager, the general director and members of the managerial board of the managing organization or the manager should meet the eligibility criteria applicable to the general director and members of the managerial board of the joint stock company

Observed

44. Existence of a provision in a joint stock company's charter or internal documents prohibiting the managing organization (manager) from carrying out similar functions at a rival company or have any connection with the joint stock company apart from carrying out the functions of the managing organization (manager)

Not observed

45. Existence of a requirement in a joint stock company's internal documents to the members of the executive bodies to hold back from doing anything that will or may potentially give rise to a conflict between their interests and interests of the joint stock company, and if such a conflict arises – a requirement to advise the board of directors to that effect

Observed in part

Charter, Art. 19, Item 19.14,
Articles of the Executive Board of MOSENERGO, Art. 3, Item 3.1.3,
Regulation on MOSENERGO's Information Policy, Art. 8

46. Stipulating in a joint stock company's charter or internal documents the eligibility criteria applicable to the managing organization (manager)

Not observed

See Item 44

47. Submission by the executive bodies of a joint stock company of monthly reports on their work to the board of directors

Not observed

Charter, Art. 15, Item 15.1, Sub-item 8

48. Stipulating in contracts concluded between a joint stock company and its general director (management organization, manager) and members of the managerial board their responsibility for breach of provisions concerning use of confidential and insider information

Observed

The Company's Secretary

49. Existence in a joint stock company of a special officer (the secretary of the company) whose objective is to ensure that corporate bodies and officers of the joint stock company comply with procedural requirements safeguarding the rights and legitimate interests of the company's shareholders

Observed

Charter, Art. 19, Item 19.1

Corporate secretary of the Company and an ad hoc operating unit

50. Detailing in a joint stock company's charter or internal documents the procedure for appointment (election) of the secretary of the company and his/her responsibilities

Observed in part

Charter, Art. 19, Item 19.1

Procedure for Convocation and Holding of Meetings of the Company's Board of Directors, Art. 5, Item 5.9

51. Stipulating in a joint stock company's charter the eligibility criteria applicable to the candidates for the position of the secretary of the company

Not observed

See Item 50

Major Corporate Actions

52. Existence of a requirement in a joint stock company's charter or internal documents for major transactions to be approved prior to their consummation

Observed

Charter, Art. 15, Item 15.1, Sub-item 26, 35

53. Obligatory invitation of independent assessors to determine the market value of property involved in major transactions

Observed

Charter, Art. 15, Item 15.1, Sub-item 38, 55

54. Stipulating in a joint stock company's charter that during acquisition of large blocks of shares of the joint stock company (takeover) the company should refrain from actions that are aimed at protecting the interests of the executive bodies (members of such bodies) and the members of the board of directors of the joint stock company, and which may result in weakening the position of the shareholders (and in particular, pending the expiration of the acquisition period, the board of directors should refrain from issuing additional shares, convertible shares or securities that otherwise entitle their holders to purchase shares of the company, even if such issuance is authorized by the charter of the company)

Not observed

The Charter contains no such provisions

55. Stipulating in a joint stock company's charter that the board of directors must invite an independent assessor to determine the current market value of the company's shares and how it could be affected by the takeover

Not observed

See Item 53

56. A joint stock company's charter should grant no relief to the entity taking over the company of the responsibility to offer to buy out shareholders' ordinary shares (issuer's securities convertible into ordinary shares)

Observed

Charter, Art. 5, Item 5.9

The Company does not relieve any acquirer of the responsibility to offer to buy out shareholders' ordinary shares in case of acquisition of 30 and more percent of ordinary shares of the Company

57. Stipulating in a joint stock company's charter or internal documents that an independent assessor must be invited for determination of the conversion value of shares after the reorganization

Not observed

Charter, Art. 15, Item 15.1, Sub-item 38, 55

Disclosure of Information

58. Existence of a board of directors-approved internal document setting forth rules of and approaches to disclosure (Regulation on Information Policy)

Observed

Regulation on MOSENERGO's Information Policy

59. Stipulating in a joint stock company's internal documents the requirement to disclose information about the purposes of issuing new shares and the persons purchasing new shares, including those who intend to purchase a large block of shares, as well as whether the senior executives of the joint stock company intend to purchase the shares offered

Not observed

The relevant requirements will be observed should the Company issue its shares

60. Existence in a joint stock company's internal documents of a list of information, documents and materials to be furnished to the shareholders to enable them to make decisions regarding the issues brought up at a general shareholders meeting

Observed

Regulation on MOSENERGO's Information Policy, Art. 5, Item 5.9.5

61. Existence of a joint stock company's website and regular disclosure of information about the joint stock company on such website

Observed

Regulation on MOSENERGO's Information Policy, Art. 4, Item 4.7, (www.mosenergo.ru)

62. Stipulating in a joint stock company's internal documents the requirement to disclose information about transactions between the joint stock company and its senior executives in accordance with the charter, and about transactions between the joint stock company and the entities in which the company's senior executives directly or indirectly own 20 percent or more of the company's charter capital or which can be otherwise strongly influenced by such executives

Observed

Regulation on MOSENERGO's Information Policy, Art. 4, Item 4.1, Item 4.4.4.

63. Stipulating in a joint stock company's internal documents the requirement to disclose information about all transactions which may substantially affect the market value of the joint stock company's shares

Observed in part

Regulation on MOSENERGO's Information Policy, Art. 4, Item 4.3 (d), Item 4.4.4, Item 4.4.5 (h),
Items 4.4.8, 4.4.19

64. Existence of a board of directors-approved internal document regulating the use of significant information about a joint stock company's operations, shares and other securities of the company and transactions therewith, which is not available to the public and disclosure of which may substantially affect the market value of shares and other securities of the joint stock company

Observed

Regulation on MOSENERGO's Information Policy, Art. 7

Supervision of the Financial and Business Operations

65. Existence of board of directors-approved procedures for internal control over financial and business operations of a joint stock company

Observed

The Regulation on Internal Control of MOSENERGO, approved by the Board of Directors MOSENERGO, Minutes No. 30, dated June 27, 2005

66. Existence in a joint stock company of an ad hoc unit that ensures compliance with the internal control procedures (control and audit service)

Observed

The table of organization provides for an internal audit directorate

67. Existence of a requirement in a joint stock company's internal documents for the structure and composition of the control and audit service of the joint stock company to be determined by the board of directors

Observed in part

See Item 65

68. Absence among the members of the control and audit service of the persons who were found guilty of an economic offence or offences against the state power, interests of civil service and service in local government bodies, or who were subject to administrative punishments for a business delinquency or wrong-doing in the sphere of finance, revenue, and securities market

Observed

69. Absence among the members of the control and audit service of the persons who are members of the executive bodies of a joint stock company or persons who are shareholders, the general director (manager), members of the management bodies or employees of a legal entity competing with the joint stock company

Observed

70. Stipulating in a joint stock company's internal documents the period of time for presentation of documents and materials to the control and audit service for evaluation of the financial and business operation undertaken, as well as the responsibility of officers and employees of the joint stock company for failure to present the above documents within such period

Observed in part

The Regulation on Internal Control of MOSENERGO, Art. 6.6

71. Existence of a requirement in a joint stock company's internal documents for the control and audit service to report the revealed violations to the audit committee, and if such committee is not available – to the board of directors of the joint stock company

Observed

The Regulation on Internal Control of MOSENERGO, Art. 8.3, 8.5

72. Stipulating in a joint stock company's charter that the advisability of carrying out operations falling outside the scope of the financial and business plan of the joint stock company (non-standard operations) should be preliminary evaluated by the control and audit service

Observed in part

Charter, Art. 24, Item 7

73. Stipulating in a joint stock company's internal documents the procedure for obtaining the board of directors' approval of a non-standard operation

Not observed

74. Existence of a board of directors-approved internal document setting forth the procedure for conducting audits of the financial and business activity of the joint stock company by the audit commission

Not observed

Articles of the Audit Commission of MOSENERGO, approved by the Annual General Meeting of MOSENERGO Shareholders on May 30, 2002, Minutes No. 2, Item 7.3

75. Evaluation by the audit committee of the auditor's report before it is presented to the shareholders at a general shareholders meeting

Observed

Regulation on the Audit Committee of MOSENERGO's Board of Directors, Art. 2, Item 2.1.4

Dividends

76. Existence of a board of directors-approved internal document which is followed by the board of directors in adoption of recommendations concerning the dividend rate (Regulation on Dividend Policy)

Not observed

The Company abides by the Guidelines for Dividend Payment approved by RAO UES of Russia

77. Stipulating in the Regulation on Dividend Policy the procedures for determining the minimal portion of net profit of a joint stock company directed towards the payment of dividends, and circumstances under which dividends are not paid or paid only partially on preference shares with respect to which the amount of dividends is provided by the charter of the joint stock company

Not observed

See Item 76

78. Publishing of information about the dividend policy of a joint stock company and all amendments thereto in a periodic publication authorized by the company's charter to announce general shareholders meetings, as well as on the company's website

Observed in part

See Item 76

8.6. Subsidiaries and Associated Companies

Name of joint-stock company (business entity)	Core activities	Amounts of investments, RUR '000	Interest in the charter capital, %
ZAO Energoinvest-ME	trade	2,249.100	90.0
ZAO Energoconsult	advisory services, design activity, engineering services	4.999	100.0
OOO EPA	travels, dentistry	153.375	99.92
CB Transinvestbank (OOO)	banking operations	12,304.900	24.61
Mosenergo-Finance B.V.	financial operations	118.139	100.0
OOO Seba-Energo	device development and manufacture	520.960	44.0
Segol Radio Page Inc	telecommunications	4,446.269	8.81
ZAO Moskon	production waste disposal	200.000	20.0
AOZT Khoroshevskaya Energy Utility	construction of gas-turbine CHP plants	91.220	16.09
OOO Ergomaks	building, construction and repair operations	0.500	24.27
OAO Kriokor	scientific R & D	0.250	0.59
OOO Teploset-Servis	heating utility maintenance	0.045	45.0
ZAO Telecomenergo	telecommunications	150.000	15.0
ZAO IK Energogarant-Invest	Investing	3,000.000	12.0
OAO SAK "Energogarant"	insurance	1,564.860	0.22
MAB Temp-Bank(OAO)	banking	291.053	0.35
ZAO Birzha Metallov (Metal Exchange)	trading	0.100	0.03
AOZT Akvatron	fishing	0.020	0.67
OAO Shaturtorf	production of peat	1,712.524	33.99
OAO Shaturskiy Meat Processing Plant	foods	0.891	1.1

8.7. Information about the Company's Shareholding in the Charter Capitals of the Affiliates¹

Description of affiliate	Core business of the affiliate	Amount of investment in the affiliate, RUR '000	Interest in the charter capital of the affiliate, %
Mosenergo-Finance B.V	Financial operations	118.139	100
Closed Joint Stock Company Energoinvest-ME	Trade	2,249.100	90
Closed Joint Stock Company Energoconsult	Advisory services, design activity, engineering services	4.999	100
Transport Investment Bank Limited	Banking operations	12,304.900	24.61
SEBA-ENERGO	Development, manufacture and assembly of separate units, devices, mobile laboratories for fault location in trunk networks of water, heat and gas supply	520.960	44
Russian-German Joint Venture Limited			
Temploset-Service Limited	Service maintenance of heat metering units, automation equipment for heat dispatch control	0.045	45
EPA Power Industry Enterprise Limited	Travels, dentistry	153.375	99.92
Ergomax Manufacturing Firm Limited	Building, construction and repair operations, including manufacture and sale of building materials, development of design and estimate documentation	0.500	24.27
Open Joint Stock Company "Shatura Peat Digging Production Association"	Peat digging for the needs of the energy sector, production of peat (by way of its processing), manufacturing and household products and consumer goods	1,712.524	33.99

¹ 1.9.

8.8. GLOSSARY

1. Acronyms

AEBS – Automated Electricity Billing System
GDP – Gross Domestic Product
WTP – Water Treatment Plant
PSP – Pumped-Storage Plant
LAPS – Local Area Power Station (a historical name)
GDP – Gas Distribution Point
MDU – Main Distribution Unit
MRV – Main Relief Valve
GTU (GTE) – Gas Turbine Unit (gas-turbine power plant)
SAC – Subsidiaries and Associated Companies
EBRD – European Bank for Reconstruction and Development
ZAO – Closed Joint Stock Company
ZAO MICEX – ZAO Moscow Interbank Currency Exchange
CDU – Closed Distribution Unit
IVC – Information-Computing Center
CL – Cable Line
CPL – Cable Power Line
KPI – Key Performance Indicators
PDU – Package Distribution Unit
FAS – Factory-Assembled Switchgear
LIBOR – London Interbank Offered Rate – an average weighted interest rate on interbank credits
OCB – Oil Circuit Breaker
MCG – Moscow Cable Grid
MKSM – Moskabelsetmontazh
MKER – Moskabelenergoremont
TNC – Trunk Network Company
MIBC – Moscow International Business Center
MTER – Mosteplosetenergoremont
MUC – Municipal Unitary Company
MEN – Mosenergonaladka
MEP – Mosenergoprojekt
MERE – Moselektroremenergo
TEG – Trunk Electrical Grids
MESR – Mosenergospetsremont
MESS – Mosenergoststroy
NME – Non-profit Medical Establishment
NEI MCPK – Non-profit Educational Institution "Moscow Personnel Training Center"
NEI MTC – Non-profit Educational Institution "MOSENERGO College"
NP ATS – Non-profit Partnership "Administrator of Trading System" of the wholesale electricity (power) market.
NP RTS Stock Exchange – Non-profit Partnership "Russian Trading System" Stock Exchange".
OAO – Open Joint Stock Company
OAO MIEC – OAO Moscow Integrated Energy Company
OAO "UES SO-CDU" – OAO System Operator – Central Dispatch Unit of the Unified Energy System of Russia
OAO FGC UES – OAO "Federal Grid Company of the Unified Energy System of Russia".

WGC – Wholesale Generation Company
ODU – Operational Dispatch Unit (Administration)
OZAP – Experimental Plant for Automation Means and Devices
WEM – Wholesale Electricity (Power) Market
PWB – Peak Water Boiler
CCP – Combined Cycle Plant
MAE – Maximum Allowable Emissions
MAC – Maximum Allowable Concentration
MAD – Maximum Allowable Discharges
PPTK – Industrial-Technological Completing enterprise
RAH – Regenerative Air Heater
HP (LP) rotor – High (Low) Pressure Rotor
RTS – Russian Trading System (a stock exchange)
REC – Regional Energy Commission
RETO – Plant for Repairing Electrotechnical Equipment
SKTB VKT – Special Construction-Technological Bureau for High-Voltage and Cryogenic Technology
SPKB RR – Special Design-Construction Bureau for Reconstruction and Maintenance
TG – Turbogenerator
TGC – Territorial Generation Company
TC&C – Telecontrol and Communications
TSS – 20, 10, 6/0.4 kV transformer substation
TEP – Total Energy Plant
FAS of Russia – Federal Antimonopoly Service
FSFM of Russia – Federal Service for Financial Markets
FST of Russia – Federal Service for Tariffs
MUD – Makeup Demineralizer
HP (LP) cylinder – High (Low) Pressure Cylinder
CRMZ – Central Mechanical Repair Works
MREC – Moscow Region Energy Committee

2. Measurement units

atm (abs) – absolute atmosphere. A unit of pressure
Gcal – Gigacalorie. A unit of calorific energy
Gcal/h – Gigacalorie/hour. A unit of thermal power
kV – kilovolt. A unit of voltage
kVA – kilovolt-ampere. A unit of apparent transformer power
kWh – kilowatt-hour. A unit of electric energy
MW – megawatt. A unit of electric power
tfe – ton of fuel equivalent

3. Terms

Balancing market. A constituent part of the WEM's discrepancy sector offering electric energy generated in excess of the planned volumes.

Unit. A power boiler (steam generator) represented by one or two shells and a turbine (or several turbines) rigidly connected thereto with a directly coupled electric generator (several generators according to the number of the turbines).

Isolated generating plants. Electric power plants in possession of other owners and/or departments connected directly or via subscriber networks to the electricity grid of the power system and subordinate to a single operational dispatch administration of a power supplier.

Budgeting. A management system including financial planning and budget preparation procedures and monitoring of their implementation.

Generation. Production of electricity and heat.

Bilateral contract. An agreement under which a supplier undertakes to supply a definite quantity of electricity of a definite quality to a buyer, and the buyer undertakes to accept and pay for such electricity under terms and conditions of the contract concluded as consistent with the rules of the wholesale market.

Minority shareholder. A shareholder whose gross shareholding in a company is less than 25%.

Capacity, operating. Available capacity of an electric power plant less equipment laid up for repair.

Capacity, installed. A maximum active electric power with which an electric installation is capable of running continuously without overload in accordance with the equipment certificate.

Wholesale transitional market. Operates until the Federal Law "On Electric Power Industry" comes in full force and effect (i.e. until the 100% competitive electricity market becomes fully operational). Consists of the regulated and competitive sectors.

Regulated sector of the WEM. The sector of electricity (power) supply to the wholesale market and consumption from the WEM at the tariffs approved by the Federal Service for Tariffs.

Discrepancy sector of the WEM. The sector trading in discrepancies between actual and planned generation (consumption) of electricity by the wholesale market players in a particular time of day at regulated tariffs and coefficients.

Free market sector (FMS). The competitive sector, the "5-15" sector – a system of relations at the wholesale electricity market defined by the WEM rules and based on competition among suppliers and among buyers of electric energy.

SF6 circuit breaker. A circuit breaker employing SF6 gas instead of air or oil insulation, which enables to increase load on current-carrying parts and to reduce their mass for the account of its cooling properties.

Power suppliers. Profit-making organizations selling generated and/or purchased electric energy (power) and heat energy (power) to consumers in the area.

8.9. Registrar, Auditor, and Appraiser Information

Registrar: ZAO Register-Service Specialized Registrar

Address: 15 Sadovnicheskaya St., Moscow 115035

License: No. 10-000-1-00312

Date of issue: March 30, 2004

Effective date: for an indefinite term

License issuing authority:

the Federal Commission for the Securities Market

Telephone: (495) 234-7076, (495) 234-7978

Auditor: ZAO PricewaterhouseCoopers Audit

Address: 52 bldg 5, Kosmodamianskaya embankment, Moscow, 115054

Telephone: (495) 967-6000

Fax: (495) 967-6001

Appraiser: No independent appraiser evaluated MOSENERGO shares in 2005

8.10. Contact Information

Full corporate name:

MOSENERGO Open Joint Stock Company for Energy and Electrification

Location and postal address:

8 Raushskaya Naberezhnaya, Moscow 115035

Teletype: 113137 USPH PU

Phone: (495) 957-3530

Fax: (495) 234-7082

Web address: www.mosenergo.ru

E-mail: ocb@mosenergo.elektra.ru

Details with KB Transinvestbank:

Settlement account No. 40702810900000000068,
 Correspondent account No. 30101810500000000212,
 INN (Taxpayer ID) 7705035012, BIC 044579212,
 OKPO code 00102798,
 KPP (Tax Registration Reason Code) 997450001,
 Basic State Reg. No 1027700302420,
 OKVED code 40.10; 40.30

SITE MAP

www.mosenergo.ru

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