

EXPLANATORY NOTE for the Accounting Statements of JSC Lenenergo for 2011

1. General information

Lenenergo Open Joint-Stock Company of the Power Industry and Electrification (JSC Lenenergo) was established in accordance with Decrees of President of the Russian Federation #922 dated August 14, 1992 "On the peculiarities of the reorganization of state enterprises, unions, and organizations of the fuel-energy complex into joint-stock companies", Decree of President of the Russian Federation #923 dated August 15, 1992 "On the organization of the management of the electric power complex of the Russian Federation in terms of privatization", Decree of President of the Russian Federation #1334 dated November 5, 1992 "On the implementation in the electric power industry of Decree of President of the Russian Federation #922 dated August 14, 1992 "On the peculiarities of the reorganization of state enterprises, unions, and organizations of fuel-energy complex into joint-stock companies".

The Company is the legal successor of rights and obligations of the state-owned enterprise - Electricity and Electrification Industrial Association Lenenergo to the extent specified in the privatization plan approved by the Chairman of the City Property Management Committee of the St. Petersburg Administration on December 22, 1992.

Legal address: 196247 St. Petersburg, Constitution Sq.,1

Postal address: 196247 St. Petersburg, Constitution Sq.,1

TIN (CRR):7803002209 (781001001)

PSRN: 1027809170300

State registration date: January 22, 1993, state registration number: 2084. The registration authority: the Registration Chamber of the St. Petersburg Administration. The Company was established for an indefinite term.

The Company comprises the following branches:

| # | Name | Location |
|----|--|--|
| 1 | Vyborg Power Distribution Networks | 188800, Vyborg, Severny Val, 5 |
| 2 | Gatchina Power Distribution Networks | 188300, Gatchina, Karl Marks St., 73a |
| 3 | Cable Network | 197022, St. Petersburg, Academic Pavlov St., 5, lit. B |
| 4 | Kingisepp Power Distribution Networks | 188480, Kingisepp, Karl Marks Ave., 64 |
| 5 | Lodeynoye Pole Power Distribution Networks | 187700, Lodeynoye Pole, Energetikov St., 4 |
| 6 | Luga Power Distribution Networks | 188230, Luga, Leningradskoe Rd., 6 |
| 7 | Novaya Ladoga Power Distribution Networks | 187453, Novaya Ladoga, Sadovaya St., 25 |
| 8 | Suburban Power Distribution Networks | 196601, St. Petersburg, Pushkin, 2nd Drv., 20/5 |
| 9 | Tikhvin Power Distribution Networks | 187500, Tikhvin, SS-143 |
| 10 | Management of objects under construction | 196247, St. Petersburg, Leninskiy Ave., 160 |

At present, JSC Lenenergo conducts its activities in the two constituent entities of the Russian Federation: St. Petersburg and the Leningrad Region.

The main goal of the Company is to gain profit. To gain profit the Company is entitled to conduct the following types of activity:

- electric power transmission;
- activities on power grids maintenance;
- technological connection of extra capacity to consumers;
- other types of activity not prohibited by the laws of the Russian Federation.

The average staffing number for 2011 was 5,975 people, for 2010 - 5,833 people.

The authorized capital of JSC Lenenergo is fully paid and equals to 1,019,285,990.04 pieces of shares as of 31.12.2011:

| | |
|---|----------------|
| Ordinary registered uncertified shares, pieces | 926,024,679.04 |
| Preferred registered uncertified shares of A-type, pieces | 93,264,311.00 |

The holder of the Company's shareholder register is JSC R.O.S.T. Registrar.

The total number of shareholders of JSC Lenenergo is 6,499, among them:

- legal entities – 40
- individuals – 6,403
- joint ownership accounts – 44
- nominal holders – 12

As of 31.12.2010 JSC IDGC Holding owns 50.3% of ordinary shares (45.7% of the Company authorized capital), the Government of St. Petersburg owns 25.16% of ordinary shares (22.85% of the Company authorized capital).

In accordance with the list of the Company's shareholders the major shareholders are as follows:

| Name | Number of ordinary shares | % of ordinary shares | % of the authorized capital |
|--|---------------------------|----------------------|-----------------------------|
| JSC IDGC Holding | 465,896,500 | 50.31 | 45.71 |
| St. Petersburg, represented by CPMC | 232,948,033 | 25.16 | 22.85 |
| I.D.E.ELECTRICITY DISTRIBUTION INVESTMENTS 1 LIMITED | 81,119,240 | 8.76 | 10.19 |
| ENERGYO SOLUTIONS RUSSIA (CYPRUS) LIMITED | 38,450,905 | 4.15 | 3.82 |
| RUSENERGO FUND LIMITED | 25,436,027 | 2.75 | 5.12 |
| JP Morgan Funds | 16,932,000 | 1.83 | 1.66 |
| Other | 65,238,974 | 7.05 | 10.65 |
| TOTAL | 926,021,679.04 | 100% | 100% |

The Company's Auditor is RSM TOP-AUDIT, Limited Liability Company. The license to perform activities associated with the use of information constituting a state secret (B

331804 #7979 dated 19.10.2005), valid until 14.12.2012. Professional risks of LLC RSM TOP - AUDIT are insured by LLC Sotsium in the amount of 300 million rubles. in accordance with the requirements for audit and audit-related services (including for legal services).

Director General of JSC Lenenergo - Andrey Valentinovich Sorochinskiy.

Chief Accountant of JSC Lenenergo – Galina Vladimirovna Kuznetsova.

The Company has the following management bodies:

The Company's Board of Directors was elected by the Annual General shareholder meeting on 21.06.2011. The quantitative composition of the Board of Directors amounts to 13 persons.

Members of the Board of Directors:

| # | Full Name of the Candidate | Position of the Candidate (at time of nomination) |
|----|-------------------------------------|---|
| 1 | Konstantin Vladimirovich Shevchenko | Deputy Director General of LLC Infrastructure Capital |
| 2 | Oleg Borisovich Trishkin | Chairman of the Committee for Energy and engineering Maintenance of the Government of St. Petersburg |
| 3 | Mikhail Eduardovich Oseevskiy | Vice-governor of St. Petersburg |
| 4 | Alexey Ivanovich Sergeev | Vice-governor of St. Petersburg |
| 5 | Nikolay Nikolayevich Shvets | Director General of JSC IDGC Holding |
| 6 | Alexander Albertovich Popov | Deputy Director General - Head of the Apparatus of JSC IDGC Holding |
| 7 | Alexey Vladimirovich Demidov | Deputy Director General on Economics and Finances of JSC IDGC Holding |
| 8 | Grigory Viktorovich Dvas | Vice-governor of the Leningrad Region – Chairman of the Committee for Economic Development and Investment Activity of the Leningrad Region |
| 9 | Andrey Valentinovich Sorochinskiy | Director General of JSC Lenenergo |
| 10 | Dmitry Olegovich Akhrimenko | Deputy Head of Department on Corporate Governance and Shareholder Relations of JSC IDGC Holding |
| 11 | Sergey Evgenyevich Yurchuk | Financial Director of JSC IDGC Holding |
| 12 | Seppo Juha Remes | Director General of Limited Liability Company Kiuru |
| 13 | Maria Gennadyevna Tikhonova | Director of Department on Economic Regulation and Property Relations in the Fuel-Energy Complex of the Ministry of Energy of the Russian Federation |

Members of the Management Board:

| # | Full Name | Position held at the principal workplace |
|---|-----------------------------------|--|
| 1 | Andrey Valentinovich Sorochinskiy | Director General of JSC Lenenergo, Chairman of the Management Board of JSC Lenenergo |
| 2 | Maksim Sergeevich Artyemyev | Deputy Director General on Technical Affairs – Chief Engineer of JSC Lenenergo |
| 3 | Grigory Mikhailovich Kharenko | Deputy Director General on Corporate Governance of JSC Lenenergo, Deputy Chairman of the Management Board of JSC Lenenergo |
| 4 | Artem Yuryevich Petrov | |
| 5 | Vladimir Ivanovich Khrenov | |

| | | |
|---|----------------------------|---|
| 6 | Andrey Vladimirovich Zykov | Deputy Director General on Development and Realization of Services of JSC Lenenergo |
|---|----------------------------|---|

Members of the Audit Commission:

| # | Full Name | Position |
|---|-----------------------------------|--|
| 1 | Izumrud Aligadzhievna Alimuradova | Chairman of the Audit Commission, Director for Internal Audit and Risk Management, Head of Department of Internal Audit and Risks Management of JSC IDGC Holding |
| 2 | Ludmila Dmitrievna Kormushkina | Head of Division on Internal Audit, Auditing Checks and Expertise of JSC IDGC Holding |
| 3 | Valentin Mikhailovich Komarov | Deputy Head of Department for Perspective Development and Technological Connection - Head of Technological Connection Division of JSC IDGC Holding |
| 4 | Igor Yuryevich Bogachev | Leading Expert of Internal Audit and Risk Management Department of JSC IDGC Holding |
| 5 | Vladimir Nikolayevich Arkhipov | First Deputy Head of Internal Audit Department of JSC IDGC Holding |

The Company's subsidiaries and dependent companies are as follows:

| Name of SDC | % participation of Lenenergo in the authorized capital of SDC |
|--------------------------------------|---|
| CJSC Tsarskoselskaya Energy Company | 96.95 |
| CJSC Kurortenergo | 98.13 |
| JSC Energouchet | 40 |
| CJSC Lenenergospetsremont | 100 |
| JSC Lenenergo Energy Service Company | 100 |

2. General rules of the accounting reporting

The accounting statements are prepared in accordance with the current legislation of the Russian Federation and the rules of drawing up of the accounting statements accepted in the Russian Federation on the basis of the consolidated data on separate balance sheets of the branches' accounting departments in accordance with the accounting policy of JSC Lenenergo approved by Order #623 dated 31.12.2010 "On the accounting policy of JSC Lenenergo for 2011".

The Company shall organize and keep accounts, and draw up the accounting statements in accordance with the Federal Law "On Accounting" #129-FZ dated November 21, 1996 (as amended on July 23, 1998; March 28, 2002; December 31, 2002; January 10, 2003; May 28, 2003; June 30, 2003; November 03, 2006; November 23, 2009; May 08, 2010; July 27, 2010; September 28, 2010; November 28, 2011) and the Regulations on Accounting and Reporting in the Russian Federation approved by Order of the Ministry of Finance of the Russian Federation #34-n dated July 29, 1998 (as amended on December 30, 1999; March 24, 2000; September 18, 2006; March 26, 2007; October 25, 2010; December 24, 2010), and current Regulations on accounting. The accounting statement of the Company for 2011 were prepared in accordance with the same Law and Regulations.

The Company shall calculate and pay taxes centrally in accordance with the legislation of the Russian Federation on taxes and dues, the legislation of constituent regions of the Russian Federation on taxes and fees, the normative-legal acts of local authorities on taxes and fees, applying the software used for keeping accounts in JSC Lenenergo.

The uncertainty of assumptions

The main assumptions regarding future events, as well as other sources of uncertainty of estimated values at the reporting date, which carry a significant risk of introducing material adjustments to the book value of assets and liabilities within the next financial year are as follows:

- reserves for doubtful debts;
- reserves established in connection with the effects of contingent facts of economic activity.

Accounts receivable

The doubtful debt shall be recognized accounts receivable of an organization not paid within the period stipulated by the agreement, and not provided by appropriate guarantees. Reserve for doubtful debts is created on the basis of the inventory of accounts receivable of the organization. The amount of the reserve is determined separately for each doubtful debt based on the financial condition (solvency) of the debtor and the assessment of the likelihood of debt redemption in whole or in part.

The Company establishes the reserve for doubtful debts in the event of recognition of accounts receivable as doubtful with reckoning the reserve amounts towards the financial results of the organization.

If by the end of the reporting year following the year of establishing the reserve for doubtful debts, this reserve in any part will not be used, the unspent amounts will be joined to the financial results at the end of the year when drawing up the balance sheet.

Income

Revenue is received for accounting in the amount calculated in monetary terms equal to the cash receipts and other property and (or) the value of accounts receivable (subject to the provisions of Clause 3 of the Regulations on accounting "Income of the organization" of RAS 9/99 #32n (as amended on December 30, 1999; March 30, 2001; September 18, 2006;

November 27, 2006).

Revenue is recognized by the Company in accounting for all of the following conditions (Clause 12 of RAS 9/99):

- the organization is eligible to receive this revenue arising from a particular agreement or confirmed by other suitable means;
- the amount of revenue can be determined;
- there is confidence that a particular operation may result in the increase of economic benefits;
- ownership rights (possession, use and disposal) of products (goods) was transferred from the organization to the buyer, or the work was accepted by the customer (service rendered);
- costs that will be produced or made in connection with this operation can be defined.

Revenue from a particular job, providing a particular service, sales a particular product is recognized in the accounting records in the process of readiness, if it is possible to determine the readiness of work, services, or product.

Expenses

Pursuant to Clause 17 of RAS 10/99 "Expenses of the organization" expenses are recognized in the accounting records regardless of the intent to obtain revenue, other income or from the form of exercising the expense (monetary, natural and otherwise).

Pursuant to Clause 18 of RAS 10/99 "Expenses of the organization" expenses are recognized in the accounting period in which they occurred, regardless of the time of actual payment of funds or other forms of exercise.

Accounting of expenses on loans and credits

Accounts payable for attracted credits and loans is accounted considering interest payable at the end of the reporting period.

Accrual of interest payable to creditors, is made on a monthly basis. Accrued sums of interest are taken to accounting separately.

Accrued coupon yield on the bonds is reflected in other expenses in the reporting periods to which these accruals relate.

Additional expenses on loans and credits (the cost of information and consulting services, etc.) are accounted for separately and recorded as other expenses as they occur.

Accounting of transactions related to the issuance of bonds is carried out in accordance with the requirements of RAS 15/08, "Accounting for credits and loans" on the account 67 "Settlements of long-term credits and loans".

Methods of estimation of inventory

Pursuant to Clause 1, Article 11 of the Federal Law #129-FZ, the valuation of property and liabilities is made for their reflection in the accounting statements and accounting reports in monetary terms.

The valuation of property acquired for a fee, is carried out by summing the actual costs on acquisition; the property received free of charge, at market value at the date of posting; the property produced in the organization, at a cost of production.

Accounting policy and amendments in the reporting year

In the reporting year the following amendments were introduced into the Accounting policy of the Company, generally associated with entering into force of Order #186n of the Ministry of Finance of Russia dated 24.12.2010, "On introducing amendments to normative-

legal acts on accounting and invalidating the Order #3 of the Ministry of Finance of Russia dated 15.01.1997":

1. The following amendments to item 2.2, "Fixed assets" were introduced:

Fixed assets include assets held for execution of works, rendering services or for administrative needs of JSC Lenenergo during the period of more than 12 months and cost over RUB 40,000.

Assets worth less than RUB 40,000 per unit are accounted in records and reporting in the composition of inventories. In order to ensure the safety of these facilities in the production or operation JSC Lenenergo organized control over their movement in the off-balance sheet account.

The sums of registration fees paid when submitting the documents do not increase the initial cost of the object and included in other expenses.

Repair costs (capital and current) of fixed assets worth less than RUB 40,000, are accounted for on the off-balance sheet account and include the prime cost in the generally established order.

Income in the form of cost of acquired materials or other property in the dismantling, demolition or elimination of decommissioned fixed assets is recognized as other income. Parts, components and assemblies of a decommissioned fixed asset, suitable for the repair of other fixed assets, as well as other materials (including scrap) are accounted for at fair market value at the date of write-off of fixed assets.

2. Paragraph of item 2.13, "Off-balance sheet accounting of assets and liabilities" was amended as:

019 "Transmission devices cost of up to RUB 40,000" to control the safety of the transmission devices received under the property agreements of connection to power grids, which cost in accordance with the accounting policy is directly related to the prime cost of production as a tangible.

3. Item 2.4 "Deferred expenses" was renamed "Deferred assets", and reads as follows:

Expenses incurred during the reporting period but relating to the following periods are recorded in accounting and reflected in the balance sheet in accordance with the terms of the recognition of assets established by normative legal acts on accounting and are subject to cancellation in the manner prescribed for disposal of assets of the species.

The composition of these assets include:

- payments for voluntary and compulsory insurance of property and employees;
- non-exclusive right to use the software and database, provided that the duration of the rights is prescribed in the contract;
- payments for the right to use the results of intellectual activity, produced in the form of a fixed single payment to be written off over the term of the license agreement;
- other expenses, causing the Company's receipt of income in future periods.

These costs are written off to the appropriate type of costs, depending on its destination uniformly over the period to which they relate. The period is determined at the time of adoption of these assets for accounting specifically established by order of Director General of the Company or Branch Director (within the limits of his powers) the Commission to determine the timing and the time of allocation of expenses.

Expenses on the acquisition of rights to land are written off evenly over five years.

4. Item 2.6, "Calculations" was supplemented by the paragraph:

The organization establishes reserves for doubtful debts in the event of recognition of accounts receivable as doubtful with attributing such amounts of reserves to the financial performance of the organization.

The amount of the reserve is determined by the Department of operational financial planning and control of liabilities on a quarterly basis for each individual doubtful debt based on the financial condition (solvency) of the debtor and assess of the likelihood of debt redemption in whole or in part.

If by the end of the year following the year of establishing the reserve for doubtful debts, the reserve in any part will not be used, the unspent amounts are joined at the balance sheet drawing up at the year end to the financial results.

5. Item 2.10, "Revenue from sale of goods, products, work, and services" was supplemented by the following paragraph:

Shipped goods, handed work and rendered services, on which revenue is not recognized, are reflected on the balance sheet at the actual total cost, including the cost of production, along with costs associated with sale of products, work and services, reimbursable by contract price.

6. Item 2.5, "Peculiarities of accounting of current costs and expenses" was supplemented by two paragraphs as follows:

For a written notice to employees of the Company for payment of wages during the same period, amounts and grounds of deductions made, as well as the total amount payable the settlement sheet is used, further details are required.

7. Item 2.6, "Calculations" was supplemented by sub-item 2.6.1, "Reserve for payment of vacation":

The organization creates a reserve for payment of vacation in the manner prescribed by RAS 8/2010, recognizing an estimated liability based on the number of unspent vacation days of paid leave earned by an employee at the end of each month.

Under the monthly calculation for each employee it is considered that for each complete month worked in the general case, the employee earns 2.33 days of vacation. If the month is not worked out completely, the balance, amounting to less than half of the month is excluded from the calculation, and the balance over 15 days is rounded to a full month.

If the leave in the current year is not fully used by an employee, the amount of the reserve, which corresponds to the unused days, is moved to the following year.

The rest of the accounting policy was not amended and supplemented in 2011.

Change in the incoming balance of previous periods

To comply with the comparability of the indicators for which days should be formed by the same rules (Item 10 of RAS 4/99), some balance sheet items in the report for 2011 have been changed for the previous periods (2010 and 2009), associated with changes in the regulatory framework governing the accounting and reporting due to:

1. "detailed elaboration of indicators on the reports items" (paragraph 3 of Order #66n), re-distribution of indicators for the groups of the balance sheet was performed, that are the basis for calculating the economic performance of the organization, namely between the items of current and non-current assets.
2. retrospective changes of comparable data to form previous periods under the rules of the current period to allow users to assess historical periods considering the changes.

The comparability of balance sheet items for 2010 and 2011 is given in Table 10, "Table of correspondence of balance sheet items for reporting of comparable historical data" of the Notes to the Balance Sheet of the Company.

Due to the expansion of the lists of transactions, data on which are subject to selection, changes in the numbering and the number of lines, the most incomparable were data of the previous financial year in the form of the cash flow statement, which were adjusted based on the rules set by a new standard RAS 23/2011.

The most significant adjustment to prior period of the cash flow statement are given in Table 10.1, "Table of correspondence of the CFS items in the reporting of the comparability of data of the same period of the last year" of the Notes to the accounting statements of the Company.

3. Explanations of indicators of the accounting statements

3.1. Intangible assets

The procedure for relating of objects to intangible assets is performed in accordance with RAS 14/07.

Intangible assets acquired for payment, are evaluated in the sum of actual expenses spent on their acquisition without reimbursable taxes (VAT).

JSC Lenenergo determines the useful life for each type of depreciated intangible assets when accepting them to accounting on the assumption of the expected usage term of this object during which the system may gain economic profits, herewith the useful life of the object of intangible assets is determined by a special commission.

Intangible assets are reflected in the accounting statements at their historical cost minus the accumulated depreciation. The depreciation of intangible assets is accrued by straight-line method.

The structure of intangible assets for the beginning and for the end of the reporting period and their flow is given in the tables of Notes to the balance sheet of the Company 1.1-1.3 "Intangible assets and expenses for R&D".

The composition of intangible assets as of the end of the year comprise the following assets: apartment, e-archive of Cable Networks, ALPHA informational system and web-site of JSC Lenenergo.

Three apartments came out of the composition of intangible assets in the reporting year, ownership for which was duly obtained by their lodgers. The total of intangible assets has one apartment with un-withdrawn encumbrance due to the no-expiry of the contract.

3.2. R&D results

The order of classification of objects in R&D is carried out in accordance with RAS 17/02.

Writing off the expenses on each R&D work done is carried out using a straight-line method, based on the period specified on the basis of the expected period of use of this object, since the actual application of the results. The useful life of R&D object is defined by a specifically established commission at the time of acceptance of the results of work.

The structure of R&D at the beginning and end of the reporting period, and their movement is given in the tables of notes to the balance sheet of the Company 1.4-1.5 "Intangible assets and expenses for R&D".

In the reporting year in the composition of R&D two completed work were added that gave a positive result for the sum of RUB 758 thousand with a useful life of one year.

R&D in progress of previous years amounting to RUB 17,815 thousand have been stopped in view of inexpediency of their continuing due to the impossibility of obtaining a positive result, or not given a positive result, and attributed to financial result.

3.3. Fixed assets

JSC Lenenergo refers to fixed assets of the assets aimed at conducting work or rendering services, or management needs of JSC Lenenergo for the period exceeding 12 months and the cost exceeding RUB 40,000.

Depreciation of fixed assets, acquired prior to January 01, 2002 is made by a straight-line method under the norms approved by the USSR Government Decree #1072 dated October 22, 1990.

Depreciation of fixed assets, acquired from January 01, 2002 is made at rates calculated on the basis of useful life as determined in accordance with the Classification of fixed assets included in depreciation groups approved by the Government of the Russian Federation on January 1, 2002 #1.

In the accounting statements fixed assets are reflected at their original or replacement cost minus the sums of depreciation, accumulated during the period of operation.

The original cost of fixed assets acquired under the agreements stipulating the fulfillment of obligations (payment) by non-monetary assets, shall be acknowledged the cost of values transferred or be subject to the transfer from JSC Lenenergo.

Putting on the balance of the leased property is carried out at a redemption price set forth in the contract.

Based on RAS 15/2008, the value of investment asset includes interest payable to the creditor, directly related to the acquisition, construction or production of an investment asset.

In 2011, in the composition of the investment asset of JSC Lenenergo was included accrued interest on loans and credits in the amount of RUB 243,139 thousand (in 2010 - RUB 255,491 thousand).

As of 31.12.2011, pursuant to Order #556 of JSC Lenenergo dated 25.11.2011 "On carrying out the revaluation of assets", the Company has reassessed 110 groups of fixed assets "building industrial".

| Group | Code Groups of All-Russian classifier of fixed assets | Original cost as of 31.12.2011 before revaluation, RUB thousand | Complete replacement cost based on the outcomes of revaluation as of 31.12.2011, RUB thousand | Revaluation ratio |
|----------------------|---|--|---|----------------------|
| Buildings industrial | 110 | 12,771,501 | 20,164,826 | 1.5789 |

The value of the revaluation amounted to RUB 3,563,241 thousand, while the increase in original cost amounted to RUB 7,393,324 thousand, the increase in accrued depreciation - RUB 3,830,083 thousand. The result of the revaluation of "building" is reflected in the accounts as follows: as an increase in additional capital in the amount of RUB 3,628,244 thousand, and as a result of the revaluation of other income and expenses is minimized in the amount of RUB 65,003 thousand.

Cost characteristics of fixed assets on the groups are given in Table 2.1, "Presence and movement of fixed assets" of the Notes to the balance sheet of the Company.

In the line 1190, "Other non-current assets" of the balance sheet of JSC Lenenergo deferred assets are reflected, which are generated in the process of the inventory of deferred expenses, amounting to RUB 527,909 thousand, and the expenses on insurance in the amount of RUB 106,298 thousand, for the total amount of RUB 634,207 thousand.

3.4. Construction in progress

Cost characteristics of the flow of construction in progress are given in Table 2.2, "Unfinished capital investments," of the Notes to the balance sheet.

In 2011, there were put into operation and commissioned into fixed assets in physical terms:

- 995.7 MVA of transformer capacity (planned 744.4 MVA);
- 1,713.2 km of transmission lines (planned 1,443.7 km).

Over St. Petersburg:

The Company implemented the following measures on construction and renovation of 0.4-10 kV distribution grids:

- 109 10/0.4 kV transformer substations with a total capacity of 248.3 MVA were constructed, and 75 10/0.4 kV transformer substations with a total capacity of 132.9 MVA were renovated;
- 423.3 km of new 0.4-10 kV power lines were built, 53.2 km of existing 0.4-10 kV power lines were renovated.

Transformer substations with a total capacity of 154,5 MVA and OTL with a total length of 267.7 km were commissioned into fixed assets under property contracts.

To ensure the technological connection of the objects of St. Petersburg the following facilities were put in operation ahead of time:

- one 80 MVA transformer at Pushkin -Yuzhnaya substation #185;
- two 63 MVA power transformers at Dunes substation #127 in the Kurort District;
- two 50 MVA mobile substations at Sosnovskaya substation #29 for connection of new consumers in the Kalinin District of St. Petersburg;
- two CL-100 kV at Volkovskaya substation #160A - Tsentralnaya substation with a total length of 7.5 km in the Frunze district.

The following measures were implemented for the renovation of old production assets followed by putting into operation and commissioning of fixed assets:

- replacement of 110 kV transit wire at Leningradskaya substation #28 with a total length of 19.4 km;
- replacement of a 16 MVA transformer by a 25 MVA unit on 35 kV Substation #13;
- layout of the head sections of 10 kV cable lines on Substation #24 - 0.7 km, etc.

Within the implementation of measures 0.4 kV and 6 kV cable lines with a total length of 19.8 km were renovated. 12 pieces of 0.63 MVA transformers were replaced by 10 pieces of 1.0 MVA units and 2 pieces of 1.25 MVA units.

Over the Leningrad region:

To ensure technological connection of the Gas flow, the construction and renovation of the following facilities was completed:

- Renovation of 110 kV Berezhki substation with 110 kV OTL - commissioning of 12.6 MVA of transformer capacity. Two 2.5 MVA transformers were replaced by two 6.3 MVA units. Renovation of 110 kV OTL of 7.6 km long was performed.
- Renovation of 110/10 kV Gazokompresornaya substation with 110 kV OTL - commissioning of 12.6 MVA of transformer capacity. One 2.5 MVA and one 6.3 MVA transformers were replaced by two 6.3 MVA transformers. 0.7 km of 110 kV overhead power lines and 10.6 km of 10 kV overhead power lines were renovated.
- Construction of 56.8 km of 110 kV overhead power lines from 110/35/10 kV Substation #26 to the constructed Portovaya substation, and reconstruction of Substation #26.
- Construction of 50.4 km of 35 kV overhead power lines at Substation #603 - Elizavetinskaya substation and Elizavetinskaya substation - Substation #604.

For technological connection of facilities of the Leningrad Region the following objects were constructed:

- 110/10 kV Leninskoye substation with 110 kV overhead power lines. Commissioning of transformer capacity amounted to 80 MVA, the length of stopping of 110 kV OTL - 0.064 km.
- 110/10 kV MEGA-Parnas substation with stopping of 110 kV overhead power lines. Two power transformers with total capacity of 88 MVA and 110 kV stopping with a length of 1 km were commissioned.

A 63 MVA power transformer at 110 kV Sertolovo on the Substation #537 in the Vsevolozhsk District was put into operation and commissioned into fixed assets ahead of time.

The Company implemented the following measures on construction and renovation of 0.4-10 kV distribution grids:

- 147 transformer substations of 10/0.4 kV with total capacity of 32 MVA were constructed, and 57 transformer substations of 10/0.4 kV with total capacity of 12 MVA were reconstructed;
- 141 km of new OTL of 0.4-10 kV were built, and the reconstruction of the existing OTL 0.4-10 kV with total length of 144 km was performed.

Transformer substations with a total capacity of 32 MVA and OTL with a total length of 106 km were commissioned into fixed assets under property contracts.

During the reporting period the following measures aimed at increasing the reliability of electricity supply of consumers and creating conditions for the connection of new consumers in the Leningrad Region were implemented:

- Renovation of 35/6 kV Substation #607 with commissioning of 32 MVA of transformer capacity. Replacement of two 6.3 MVA transformers by two 16 MVA units resulted in the capacity gain of 19.4 MVA.
- Renovation of 35 kV substation #606 with the replacement of 35 kV transformers and switchers.
- Renovation of 35/10 kV Shapki substation #719 with commissioning of 12.6 MVA of transformer capacity and the capacity gain of 8.6 MVA.
- Replacement of a 4 MVA transformer by a 10 MVA unit at 35 kV Substation #730.
- Installation and commissioning of a 16 MVA transformer at Mga substation #720.
- Renovation of 249.4 km of 0.4-10 kV power lines and a transformer substation with a total capacity of 11.2 MVA in the Leningrad Region, including:
 - Renovation of 0.4-10 kV networks from TS 1017, 1323, 1018 on Antropshinskaya St. of the city of Kommunar with total length of 10.1 km.
 - Renovation of CL-0.4 kV from TS 2013 f.06 to the village Romanovka and village Minolovo with total length of 4.023 km.
 - Renovation of 0.4 kV overhead transmission lines with total length of 5.07 km in the Slants district.
 - Renovation of CL-0.4 kV from ZTS #545 and KTS # 558, 569, 577 in the settlement Osmino II, launch complex with a total length of 2.22 km and commissioning of 2 transformer substations with total capacity of 0.26 MVA.
 - Renovation of CL-10 kV f. 10-02 of 10.43 km and CL-10 kV f. 9-01 (plot Borki - Bely Bor) of 12.8 km.

- Renovation of electrical networks in the settlement Perovo with total length of 2.995 km and 2 transformer substations with the commissioning of 2 transformers with total capacity of 0.8 MVA.
- Renovation of CL-10 kV f.413-06 from SS-413 to TS-517 of 0.56 km.
- Renovation of CL-10 kV f.166-06 from TS-176 of 1.13 km.
- Renovation of OTL-0.4 kV of 19.73 km with the commissioning of 5 transformer substations with a total capacity of 0.86 MVA in the Kingisepp district.
- Renovation of OTL-0.4 kV of 9.3 km with the commissioning of 3 transformer substations with a total capacity of 0.48 MVA in the Volosovskiy district.
- Renovation of OTL-0.4 kV of 0.617 km with the commissioning of the transformer substations with a total capacity of 0.063 MVA in the Slants district.
- Renovation of CL-10 kV f.5 from TS Orlyino of 10.98 km.
- Renovation of CL-10 kV f. Perovskiy-16 on the site from TS-27 to TS-81, and replacement of TS-27 (0.4 MVA, 0.7 km), CL-0.4 kV from TS-156 in the village Roshchino (11.5 km, 0.5 MVA), as well as removal of CL-10 kV from the floodplain of the Zhigulevka River (9.1 km).
- Renovation of CL-10kV #337-03 of Pupyshevo substation with the transfer on SIW on the winding to SS 110/10 kV #522 of 38.05 km and transformer substations (0.77 MVA).
- Renovation of CL-10 kV 48-06 of 18.61 km and the device at the intersection on galvanized steel towers on CL-10 kV 260-08 and 260-11 of 0.76 km.
- Renovation of CL-0.4 kV in the settlements Velikodvorskaya, Vazhiny and Shustruchey (1.02 MVA, 11.15 km).
- Renovation of CL-0.4 kV in the settlement Igokinichi from TS 4-8 (0.1 MVA, 3.8 km).
- Renovation of CL-0.4 kV with replacement of the wire for SIW from TS 162-9-06 in the village Lipnaya Gorka (0.25 MVA and 5.72 km).
- Renovation of OTL-0.4 kV from TS-1356 in the settlement Mokredi (0.1 MVA, 2.66 km).
- Commissioning after reconstruction of the transformer substation of 0.04 MVA and OTL 0.4-10 kV of 2.19 km.

3.5. Financial investments

The accounting of financial investments is conducted in accordance with RAS 19/02 approved by Order #126-n of the Ministry of Finance of the Russian Federation dated December 10, 2002.

Financial investments are accepted for the accounting in the sum of actual expenses per each unit of investments.

Financial investments put on the balance sheet of the Company as of 31.12.2011, are long-term (investments into subsidiaries, dependent and other companies), considering the formed allowance for impairment amount to RUB 947,105 thousand.

rubles

| Name | Type of share | Number | Share in the authorized capital | 31.12.2010 | Year of investment | 31.12.2011 |
|------------|---------------|--------|---------------------------------|------------|--------------------|------------|
| CJSC Velma | PS | 8 | 7.69% (according to | 8 | 1992 | 8 |

| Name | Type of share | Number | Share in the authorized capital | 31.12.2010 | Year of investment | 31.12.2011 |
|---|---------------|--------------------------|---------------------------------|--------------------|--------------------|--------------------|
| | | | the data of 2002) | | | |
| CJSC Lenenergospetsremont | OS | 1,000 | 100% | 7,337,778 | 1999 | 7,337,778 |
| AOZT Aquatron | OS | 5 | 3.33% | 100 | 1991 | 100 |
| JSC Nevsky Syndicate | OS | 40,000 | 4% | 48,000 | 1994 | 48,000 |
| CJSC Ruskobank | OS | 105,000 | 5.25% | 105,000 | 1993 | 105,000 |
| JSC North-West Power Management Company | OS PS | 74,180,864 38,063,689 | 12.51% | 49,317,987 | 2005 | 49,317,987 |
| JSC Energouchet | OS | 4,000 | 40% | 4,000 | 1993 | 4,000 |
| CJSC Kurortenergo | OS PS | 1,599 77 | 98.13% | 517,140,000 | 2010 | 517,140,000 |
| CJSC Tsarskoselskaya Energy Company | OS PS | 7,229 1,272 | 96.97% | 372,312,640 | 2010 | 372,312,640 |
| JSC Lenenergo Energy Service Company | OS PS | 1,000,000 | 100% | | 2011 | 1,000,000 |
| Total | | | | 946,265,513 | | 947,265,513 |

Investments into the shares accounted in the composition of long-term financial investments are reflected in the accounting statements at their original cost, as their securities are not trading on the stock market.

As of 31.12.2011, the remnants of short-term financial investments in the Company's balance sheet are absent.

As a result of the impairment testing of investments, revealing a steady decline in the value of such investments as the shares of JSC Nevsky Syndicate, CJSC Velma, CJSC Ruskobank and AOZT Aquatron, there was formed a reserve for impairment of these financial investments of RUB 161 thousand.

In the reporting year JSC Lenenergo established Lenenergo Energy Service Company, Open Joint-Stock Company on the following conditions:

- authorized capital of JSC Lenenergo Energy Service Company in the establishment constitutes 1,000,000 (One million) rubles 00 kopecks;
- category, type, number, par value of shares issued in the establishment: registered ordinary shares in the amount of 1,000,000 (One million) shares, par value - 1 (One) ruble per share;
- the stake of JSC Lenenergo in JSC Lenenergo Energy Service Company - 100%;
- the procedure (time) of payment for the shares - 50% of the authorized capital, which is RUB 500,000 (Five hundred thousand), JSC Lenenergo brings at the moment of state registration of JSC Lenenergo Energy Service Company, and 50% - within one year from the state registration of JSC Lenenergo Energy Service Company. As of 31.12.2011 the authorized capital is fully paid up;
- the form of payment for the shares - in cash.

Cost characteristics of the movement of investments are given in Table 3.1, "Presence and movement of financial investments" of the Notes to the balance sheet.

3.6. Inventory

Inventory is accepted for the accounting at the actual cost of its purchase or production. At the disposal of inventory for production and other write-off, its valuation is performed by the "First in First Out" method.

The cost of instruments, stock and household goods is related to expenses in the full volume at their transfer in operation. In order to ensure their safety the Company shall organize their quantitative calculation.

Cost characteristics of inventory are given in Table 4.1, "Presence and movement of inventory" of the Notes to the balance sheet.

3.7. Accounts receivable of buyers and customers

As of 31.12.2011, the total accounts receivable of the Company amounted to RUB 7,277,305 thousand, which is RUB 303,465 thousand (5.6%) lower than at the beginning of the year when the total accounts receivable amounted to RUB 7,580,770 thousand:

- long-term - RUB 1,004,957 thousand (13.8% of total accounts receivable);
- short-term - RUB 6,272,348 thousand (86.2% of total accounts receivable).

| Indicator | Fact as of 31.12.2010 (RUB thousand) | Fact as of 31.12.2011 (RUB thousand) | Share, % | Growth (+) Decline (-) |
|---|---|--|----------------|---------------------------|
| Total accounts receivable | 7,580,770 | 7,277,305 | 100.00% | -303,465 |
| Accounts receivable (over 12 months) including: | 1,097,584 | 1,004,957 | 13.81% | -92,627 |
| - under lease agreements | 1,018,130 | 926,858 | 12.74% | -91,272 |
| - other debtors | 79,454 | 78,099 | 1.07% | -1,355 |
| Accounts receivable (under 12 months) including: | 6,483,186 | 6,272,348 | 86.19% | -210,838 |
| Buyers and customers, including.: | 1,840,886 | 1,333,692 | 18.33% | -507,194 |
| Transmission (transit) of electric power | 1,161,403 | 705,937 | 9.70% | -455,466 |
| Subscribers on technological connection | 564,558 | 529,236 | 7.27% | -35,322 |
| Other buyers and customers | 114,925 | 98,520 | 1.35% | -16,405 |
| Bills receivable | 0 | 0 | 0.00% | 0 |
| Debts of subsidiaries and dependent companies | 0 | 0 | 0.00% | 0 |
| Advances paid, including: | 234,697 | 474,821 | 6.52% | 240,124 |
| to suppliers of materials | 2,093 | 2,445 | 0.03% | 352 |
| to construction organizations | 0 | 0 | 0.00% | 0 |
| to maintenance organizations | 1,623 | 4,371 | 0.06% | 2,748 |
| to suppliers of services and other | 230,981 | 468,005 | 6.43% | 237,024 |
| Other debtors | 4,407,603 | 4,463,834 | 71.17% | 56,231 |
| among them: | | | | |
| - under contracts with NPF of Power Industry | 118,939 | 123,548 | 1.70% | 4,609 |
| - overpayment on taxes | 429,427 | 856,212 | 11.77% | 426,785 |
| - under lease agreements | 1,014,963 | 422,635 | 5.81% | -592,328 |
| - VAT on advances received | 2,708,411 | 2,447,005 | 33.63% | -261,405 |
| <i>FOR REFERENCE</i> | <i>Not included in the amount of receivables under "Current Assets"</i> | | | |
| <i>Advances paid for capital construction and acquisition of fixed assets</i> | <i>1,719,366</i> | <i>941,384</i> | <i>—</i> | <i>-777,982</i> |

Pursuant to the letter from the Ministry of Finance of the Russian Federation dated 11.04.2011 #07-02-06/42 the sums of advances paid for capital construction of fixed assets are recognized on the balance sheet in Section I "Fixed assets", regardless of maturity by counterparties of liabilities under the advances paid to them (prepaid).

This requirement of the Ministry of Finance is reflected in the report, respectively, at the beginning and end of the reporting period. The total amount of accounts receivable, referred to the advances paid for capital construction and acquisition of fixed assets, at beginning of the year amounted to RUB 1,719,366 thousand. At the end of the year - RUB 941,384 thousand. Reduction in advances paid for capital construction amounted to RUB 777,982 thousand.

The amount of advances is reflected net of VAT, which is reflected in line 1260, "Other current assets" in the amount of RUB 169,449 thousand as of 31.12.2011.

Advances for capital construction are reflected also minus the established reserve for doubtful debts amounting to RUB 55,039 thousand as of 31.12.2011.

In 2011, there is, in comparison with the previous year, the overall decrease in accounts receivable. The cumulative reduction in accounts receivable was RUB 303,465 thousand, including the decline of long-term accounts receivable in the amount of RUB 92,627 thousand, the reduction in short-term accounts receivable - RUB 210,838 thousand.

Long-term receivables in the aggregate decreased by RUB 92,627 thousand, mainly due to debt reduction under finance lease agreements amounting to RUB 91,272 thousand.

Short-term accounts receivable decreased by RUB 210,838 thousand, including:

On the item "Buyers and customers" the reduction in accounts receivable was RUB 507,194 thousand, at the same time long-term accounts receivable on this item are absent. Short-term accounts receivable decreased mainly due to lower accounts receivable for electricity transmission amounting to RUB 455,466 thousand.

Under "Advances paid" the aggregate growth has occurred in the amount of RUB 240,125 thousand mainly due to growth in the accounts receivable for prepayments to suppliers of services in the amount of RUB 237,024 thousand. This increase is associated with the implementation of the schedule of payment under the contract for electricity transmission with JSC Petersburg Sales Company, which provides for the payment of the declared amount of capacity with the subsequent recalculation for the actual amount.

Under "Other debtors" there was a cumulative growth of accounts receivable in the amount of RUB 56,231 thousand, mainly due to overpayment of taxes to the budgets of various levels in the amount of RUB 426,785 thousand, as well as reduction in short-term accounts receivable under lease agreements amounting to RUB 592,328 thousand, reduction in VAT on advances received in the amount of RUB 261,405 thousand.

Upon the inventory results of accounts receivable of the Company held as of 01.11.2011 doubtful receivables of buyers and customers in the amount of RUB 93,047 thousand were identified, including:

- on advances paid to construction companies in the amount of RUB 55,039 thousand;
- under technological connection contracts in the amount of RUB 36,924 thousand;
- under services in the amount of RUB 1,084 thousand.

For the total amount of doubtful accounts receivable as of 31.12.2011 the reserve for doubtful debts amounting to RUB 93,047 thousand was established in the accounting.

Unreal to recover and overdue accounts receivable, identified on the results of the inventory was written off for a total of RUB 1,161 thousand.

Explanation of accounts receivable by types is given in Table 5.1, "Presence and movement of accounts receivable" of the Notes to the balance sheet.

3.8. Accounts payable

As of 31.12.2011, the long-term accounts payable of the Company amounted to RUB 1,491,698 thousand, that is RUB 1,342,910 thousand higher than at the beginning of the year when long-term accounts payable amounted to RUB 148,788 thousand.

The increase in long-term payables with respect to the level of the beginning of the year is mainly due to reclassification of accounts receivable on advances received under contracts for technological connection to electric networks.

RUB thousand

| Indicator | As of 31.12.2010 | As of 31.12.2011 | Growth (+), Decline (-) |
|--|---------------------|---------------------|----------------------------|
| Long-term liabilities of suppliers and contractors, including: | 148,788 | 1,491,698 | +1,342,910 |
| Rosenergoatom | 66,000 | 66,000 | 0 |
| LLC Caterpillar Tosno | 43,601 | 41,801 | -1,800 |
| JSC FGC UES | 37,568 | 35,358 | -2,210 |
| Bank St. Petersburg | 1,261 | 1,261 | 0 |
| Debt on advances received under contracts for technological connection | 0 | 1,259,826 | + 1,259,826 |
| Other | 358 | 87,452 | +87,094 |

Long-term liabilities include:

- Debt on bill issued by the concern Rosenergoatom to purchase electricity in the amount of RUB 66,000 thousand, with maturity in 2020;
- Debt to LLC Caterpillar Tosno in the amount of RUB 41,801 thousand for capital construction, subject to uniform redemption by tranches annually;
- Restructured debt under the arbitral tribunal FGC UES in the amount of RUB 35,358 thousand;
- Security Deposit of Bank St. Petersburg for services to rent a building in the amount of RUB 1,261 thousand.
- Debt on advances received for technological connection to grids with a maturity of liabilities over 12 months.

As of 31.12.2011 short-term liabilities of the Company amounted to RUB 20,724,273 thousand, that is RUB 111,720 thousand lower than at the beginning of the year when the accounts payable amounted to RUB 20,835,993 thousand.

RUB thousand

| Indicator | As of 31.12.2010 | As of 31.12.2011 | Growth (+), Decline (-) |
|--|---------------------|---------------------|----------------------------|
| Total short-term payables: | 20,835,993 | 20,724,273 | - 111,720 |
| Suppliers and contractors, among them: | 3,225,841 | 5,971,497 | + 2,745,656 |
| construction organizations | 1,683,538 | 3,502,782 | + 1,819,244 |
| maintenance organizations | 96,736 | 132,308 | + 35,572 |
| other suppliers and contractors | 1,445,567 | 2,336,406 | + 890,839 |
| including to grid companies | 867,579 | 1,891,946 | + 1,024,367 |
| Arrears of wages | 118,808 | 186,014 | + 67,206 |
| Indebtedness to off-budget funds | 43,111 | 61,502 | + 18,391 |

| | | | |
|--|------------|------------|-------------|
| Indebtedness on taxes and dues | 121,324 | 62,565 | - 58,759 |
| Advances received | 17,115,410 | 14,252,875 | - 2,862,535 |
| including advances on technological connection | 17,107,738 | 14,026,683 | - 3,081,055 |
| Other creditors | 211,499 | 189,820 | - 21,679 |

Decrease in accounts payable regarding the level of the beginning of the year by RUB 111,720 thousand is mainly associated with the influence of the following factors:

- reduction in commitments for advances received by RUB 2,862,535 thousand, including advances received for technological connection - by RUB 3,081,055 thousand, taking into account the reclassification of debt;
- reduction in arrears of taxes and fees in the total amount of RUB 58,759 thousand, mainly due to lower debt to income tax in the amount of RUB 80,425 thousand;
- reduction in the debt of other creditors in the amount of RUB 21,679 thousand.

In addition, there was an increase in accounts payable to suppliers and contractors by RUB 2,745,656 thousand, which is mainly due to increased commitments to the construction companies by RUB 1,819,244 thousand. The increase in accounts payable for this article is due to the work undertaken by the Company aimed at minimizing arrears on advances issued for capital construction, in connection with which the payment for work performed was made in the absence of unfulfilled obligations of the counterparty to the Company.

The total increase in accounts payable during the period is associated with the active operations of the Company to upgrade its manufacturing assets.

Explanation of accounts payable by types is given in Table 5.3, "The presence and movement of accounts payable" of the Notes to the balance sheet.

3.9. The information on credits and loans

Indebtedness under credits and loans is accounted and reflected in the accounting statements considering interest to be paid for the end of the reporting period.

Accounting of transactions associated with the issue of bonds is executed in compliance with the requirements of RAS 15/01 "Accounting of credits and loans".

Interest on credits and loans directly related to acquisition and (or) building of an investment asset, is included into the value of such asset and redeemed by means of depreciation accrued except for the cases, when RAS do not stipulate calculation of depreciation of assets.

3.9.1. Short-term liabilities – borrowings

In the composition of short-term liabilities - borrowings, were reflected:

- debt on bonded loans of the Company of 02 and 03 series in the amount of RUB 3,000,000 thousand per each, transferred during the year from long-term liabilities into short-term liabilities;
- accrued coupon yields on the specified bonded loans in the amount RUB 158,270 thousand;
- accrued interest on long-term credits in the amount of RUB 34,871 thousand.

RUB thousand

| Bank | Current debt as of 31.12.2010 | Current debt as of 31.12.2011 |
|--|----------------------------------|----------------------------------|
| NPO CJSC National Settlement Depository, coupon yield on | 108,790 | 3,109,491 |

| | | |
|--|------------------|------------------|
| bonded loan of 02 series | | |
| NPO CJSC National Settlement Depository, coupon yield on bonded loan of 03 series | 48,120 | 3,048,779 |
| JSC Bank VTB in SPb, Meridian branch, agreement #62/10 dated 31.05.2010 | 773 | 0 |
| JSC Bank VTB in SPb, Meridian branch, agreement #63/10 dated 31.05.2010 | 2,566 | 0 |
| JSC Bank VTB in SPb, Meridian branch, agreement #80/10 dated 28.07.2010 | 1,234 | 1,234 |
| JSC Bank VTB in SPb, Meridian branch, agreement #81/10 dated 28.07.2010 | 410 | 2,622 |
| JSC Bank VTB in SPb, Meridian branch, agreement #99/10 dated 30.08.2010 | 2,006 | 2,006 |
| JSC Bank VTB in SPb, Meridian branch, agreement #133/10 dated 22.11.2010 | 0 | 1,071 |
| JSC Bank VTB in SPb, Meridian branch, agreement #134/10 dated 22.11.2010 | 0 | 1,302 |
| JSC JSB RUSSIA, agreement #2-1/073/2010 dated 31.05.2010 | 1,712 | 0 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-105110 dated 13.08.2010 | 2,263 | 2,263 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-105810 dated 30.08.2010 | 0 | 2,263 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-105910 dated 08.09.2010 | 2,327 | 2,327 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-108010 dated 29.09.2010 | 51 | 1,192 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-111710 dated 10.11.2010 | 1,538 | 2,691 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-107211 dated 19.04.2011 | 0 | 2,113 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-107311 dated 19.04.2011 | 0 | 1,138 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-110811 dated 04.07.2011 | 0 | 2,194 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-110711 dated 04.07.2011 | 0 | 2,176 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-114811 dated 27.09.2011 | 0 | 2,357 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-114711 dated 27.09.2011 | 0 | 1,184 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-115011 dated 27.09.2011 | 0 | 2,369 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-114911 dated 27.09.2011 | 0 | 2,369 |
| JSC JSB Svyaz-Bank, agreement #005/2009 dated 26.10.2009 | 1,000,000 | redeemed |
| TOTAL: | 1,171,790 | 6,193,141 |

During 2011 the eighth and ninth coupon yields on the bonded loan of 02 series in the amount of RUB 256,182 thousand and paid in the amount of RUB 255,480 thousand. The eighth and ninth coupon yields on the bonded loan of 03 series were accrued in the amount of RUB 240,599 thousand and paid in the amount of RUB 239,940 thousand.

In the composition of short-term liabilities in 2011 were reflected:

1. Bonded loan (non-convertible interest bearing certified bearer bonds of series 02 with mandatory centralized custody, issued on 14.11.2006) for the amount of RUB 3,000,000 thousand. Quantity of bonds issued under the specified loan was 3,000,000 pcs of the par value RUB 1,000 per each. The start date of placement of 02 series bonds: February 02, 2007. The redemption date of the bonds at their par value: January 27, 2012. The volume of the issue at par value was RUB 3,000,000 thousand. The yield on each bond is determined at the level of 8.54% per annum on each of ten coupons. The coupon yield on one bond is RUB 42.58, the periodicity of payment is 182 days.

In the 1st quarter of 2011 the debt was transferred from the long-term liabilities into short-term liabilities.

In 2011, the Company accrued the eighth and ninth coupon yields. The coupon yield payment on the eighth coupon was made on January 28, 2011 in the amount of RUB 127,740 thousand. The coupon yield payment on the ninth coupon was made on July 29, 2011 in the amount of RUB 127,740 thousand.

2. Bonded loan (non-convertible interest bearing certified bearer bonds of series 03 with mandatory centralized custody, issued on 27.03.2007) for the amount of RUB 3,000,000 thousand. Quantity of bonds issued under the specified loan was 3,000,000 pcs of the par value RUB 1,000 per each. The start date of placement of 03 series bonds: April 25, 2007. The redemption date of the bonds at their par value: April 18, 2012. The volume of the issue at par value was RUB 3,000,000 thousand. The yield on each bond is determined at the level of 8.02% per annum on each of ten coupons. The coupon yield on one bond is RUB 39.99, the periodicity of payment is 182 days.

In the 2nd quarter of 2011 the debt was transferred from the long-term liabilities into short-term liabilities.

In 2011, the Company accrued the eighth and ninth coupon yields. The coupon yield payment on the eighth coupon was made on 20.04.2011 in the amount of RUB 119,970 thousand. The coupon yield payment on the ninth coupon was made on 19.10.2011 in the amount of RUB 119,970 thousand.

3. Agreement of non-renewable credit line with JSC JSB Svyaz-Bank #005/2009 dated October 26, 2009, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

On October 08, 2009 the Company's Board of Directors approved the decision on attracting borrowings in the 4th quarter of 2009 in the form of non-renewable credit line of JSC JSB Svyaz-Bank.

The credit line is provided for 24 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: October 25, 2011.

The interest rate for the use of credit resources: 7.5% per annum (Supplementary Agreement #4 dated 18.10.2010).

In 2011, interest for the use of credit resources in the amount of RUB 5,486 thousand was accrued and paid.

The credit was redeemed prematurely in the period from 26.01.2011 to 28.01.2011.

4. Agreement of non-renewable credit line with JSC Bank VTB in St. Petersburg, Meridian branch #63/10 dated 31.05.2010. The line of credit with a limit of indebtedness in the sum of RUB 1,000,000 thousand, granted for 24 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 30.05.2012.

The interest rate for the use of the credit resources is set up at the rate of 6.97% per annum.

Since the 2nd quarter of 2011 the obligations under this Agreement shall be included in short-term debt, as of 31.12.2011 the debt is absent. In the period from 07.07.2011 to 14.07.2011 under this Agreement the sum of RUB 536,481 thousand was attracted, which was redeemed from 29.07.2011 to 09.09.2011. The sum of accrued interest during the year amounted to RUB 3,440 thousand, and the sum of paid interest - RUB 4,213 thousand.

The presence of delay in the fulfillment of liabilities in repayment of the main debt sum and/or fixed interest is absent.

3.9.2. Long-term liabilities - borrowings

RUB thousand

| Bank | Sum of credit under the agreement | Date of receiving the credit | Current debt as of 31.12.2010 | Current debt as of 31.12.2011 |
|--|-----------------------------------|------------------------------|-------------------------------|-------------------------------|
| Long-term bank credits | | | | |
| JSC Bank VTB in SPb, Meridian branch, agreement #63/10 dated 31.05.2010 | 1,225,000 | 29.06.10-28.07.10 | 1,225,000 | redeemed |
| JSC Bank VTB in SPb, Meridian branch, agreement #80/10 dated 28.07.2010 | 500,000 | 04.10.10-26.11.10 | 500,000 | 500,000 |
| JSC Bank VTB in SPb, Meridian branch, agreement #81/10 dated 28.07.2010 | 1,100,000 | 26.11.10-22.12.10 | 171,500 | 1,100,000 |
| JSC Bank VTB in SPb, Meridian branch, agreement #99/10 dated 30.08.2010 | 850,000 | 30.08.10-15.09.10 | 850,000 | 850,000 |
| JSC Bank VTB in SPb, Meridian branch, agreement #133/10 dated 22.11.2010 | 500,000 | 27.01.11-21.03.11 | 0 | 500,000 |
| JSC Bank VTB in SPb, Meridian branch, agreement #134/10 dated 22.11.2010 | 600,000 | 27.06.11-23.11.11 | 0 | 600,000 |
| JSC JSB Svyaz-Bank, agreement #005/2010 dated 30.07.2010 | 400,000 | 24.12.10-30.06.11 | 44,000 | 400,000 |
| JSC JSB Svyaz-Bank, agreement #006/2010 dated 30.07.2010 | 1,100,000 | 25.10.10-23.11.10 | 1,100,000 | 1,100,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-105110 dated 13.08.2010 | 1,000,000 | 30.08.10-10.12.10 | 1,000,000 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-105810 dated 30.08.2010 | 1,000,000 | 24.01.11 | 0 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-105910 dated 08.09.2010 | 1,000,000 | 20.09.10-25.11.10 | 1,000,000 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement | 500,000 | 24.12.10-27.01.11 | 171,100 | 500,000 |

| | | | | |
|--|-----------|-------------------|------------------|-------------------|
| #0162-1-108010 dated 29.09.2010 | | | | |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-111710 dated 10.11.2010 | 700,000 | 29.11.10 | 700,000 | 1,225,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-107211 dated 19.04.2011 | 1,000,000 | 06.06.11-26.10.11 | 0 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-107311 dated 19.04.2011 | 500,000 | 28.09.11 | 0 | 500,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-110811 dated 04.07.2011 | 1,000,000 | 26.10.11 | 0 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-110711 dated 04.07.2011 | 1,000,000 | 26.10.11-15.11.11 | 0 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-114811 dated 27.09.2011 | 1,000,000 | 26.10.11-15.11.11 | 0 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-114711 dated 27.09.2011 | 500,000 | 26.10.11 | 0 | 500,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-115011 dated 27.09.2011 | 1,000,000 | 26.10.11 | 0 | 1,000,000 |
| JSC Sberbank of Russia, North-West bank, agreement #0162-1-114911 dated 27.09.2011 | 1,000,000 | 15.11.11 | 0 | 1,000,000 |
| JSC RUSSIA JSB, agreement #2-1/073/2010 dated 31.05.2010 | 800,000 | 15.06.10-15.12.10 | 800,000 | redeemed |
| JSC RUSSIA JSB, agreement #2.1-1/045/2011 dated 19.04.2011 | 1,025,000 | 22.08.11-26.10.11 | 0 | 1,025,000 |
| JSC RUSSIA JSB, agreement #2.1-1/046/2011 dated 19.04.2011 | 1,000,000 | 28.07.11-29.08.11 | 0 | 1,000,000 |
| JSC RUSSIA JSB, agreement #2.1-1/047/2011 dated 19.04.2011 | 1,000,000 | 21.10.11-26.10.11 | 0 | 1,000,000 |
| JSC RUSSIA JSB, agreement #2.1-1/048/2011 dated 19.04.2011 | 1,000,000 | 26.09.11-20.10.11 | 0 | 1,000,000 |
| TOTAL: | | | 7,561,600 | 20,800,000 |

In the composition of long-term debt liabilities in 2011 there were accounted the following liabilities:

1. Agreement of non-renewable credit line with JSC Bank VTB in St. Petersburg, Meridian branch #63/10 dated 31.05.2010, with a limit of RUB 1,225,000 thousand.

The term of the credit line is 24 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 30.05.2012.

The interest rate for the use of the credit resources is set at 6.95 percent per annum.

For 2011 there was accrued interest under the credit in the amount of 39,958 thousand and paid to the bank in the amount of RUB 42,524 thousand.

The credit was redeemed prematurely in the period from 15.06.2011 to 30.06.2011.

2. Agreement of non-renewable credit line with JSC Bank VTB in St. Petersburg, Meridian branch #80/10 dated 28.07.2010, reflected in the accounting statements in the amount of RUB 500,000 thousand.

The credit line with a limit of indebtedness in the sum of RUB 500,000 thousand, granted for 60 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 28.07.2015.

The interest rate for the use of the credit resources is set at 8.19 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 40,950 thousand and paid to the bank in the amount of RUB 40,950 thousand.

The presence of delay in fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

3. Agreement of non-renewable credit line with JSC Bank VTB in St. Petersburg, Meridian branch #81/10 dated 28.07.2010, reflected in the accounting statements in the amount of RUB 1,100,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 01.03.2011 to 06.06.2011 the credit was selected within the signed loan debt limit - RUB 1,100,000 thousand. The term of the loan - 48 months.

The close date of the credit line: no later than 28.07.2014.

The interest rate for the use of the credit resources is set at 7.95 percent per annum.

The Supplementary Agreement dated 24.05.2011 the rate for tranches issued from 24.05.2011 is set at 7.85 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 60,843 thousand and paid to the bank in the amount of RUB 58,631 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

4. Agreement of non-renewable credit line with JSC Bank VTB in St. Petersburg, Meridian branch #99/10 dated 30.08.2010, reflected in the accounting statements in the amount of RUB 850,000 thousand.

The line of credit with a limit of indebtedness in the sum of RUB 850,000 thousand, granted for the period of 48 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 29.08.2014.

The interest rate for the use of the credit resources is set at 7.83 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 66,555 thousand and paid to the bank in the amount of RUB 66,555 thousand rubles.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

5. Agreement of non-renewable credit line with JSC Bank VTB in St. Petersburg, Meridian branch #133/10 dated 22.11.2010, reflected in the accounting statements in the amount of RUB 500,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 27.01.2011 to 21.03.2011 the credit was selected within the signed loan debt limit - RUB 500,000 thousand. The term of the loan - 48 months.

The close date of the credit line: no later than 22.11.2014.

The interest rate for the use of the credit resources is set at 7.11 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 29,810 thousand and paid to the bank in the amount of RUB 28,738 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

6. Agreement of non-renewable credit line with JSC Bank VTB in St. Petersburg, Meridian branch #134/10 dated 22.11.2010, reflected in the accounting statements in the amount of RUB 600,000 thousand.

The line of credit with a limit of indebtedness in the sum of RUB 600,000 thousand is granted for the period of 48 months.

The close date of the credit line: no later than 22.11.2014.

The interest rate for the use of the credit resources is set at 7.20 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 18,949 thousand and paid to the bank in the amount of RUB 17,647 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

7. Agreement of non-renewable credit line with JSC JSB Svyaz-Bank #005/2010 dated 30.07.2010, reflected in the accounting statements in the amount of RUB 400,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 27.01.2011 to 30.06.2011 the credit was selected within the signed loan debt limit - RUB 400,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 29.07.2015.

The interest rate for the use of the credit resources is set at 8.06 percent per annum.

The Supplementary Agreement dated 01.06.2011 the rate for the period from 01.06.2011 to 31.05.2012 is set at 7.4 percent per annum.

For 2011 there was accrued and paid interest under the credit in the amount of RUB 19,560 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

8. Agreement of non-renewable credit line with JSC JSB Svyaz-Bank #006/2010 dated 30.07.2010, reflected in the accounting statements in the amount of RUB 1,100,000 thousand.

The line of credit with a limit of indebtedness in the sum of RUB 1,100,000 thousand, granted for the period of 48 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 29.07.2014.

The interest rate for the use of the credit resources is set at 8.0 percent per annum.

For 2011 there was accrued interest under the credit and paid to the bank in the amount of RUB 88,000 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

9. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-105110 dated 13.08.2010, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The line of credit with a limit of indebtedness in the sum of RUB 1,000,000 thousand, granted for the period of 36 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 13.08.2013.

The interest rate for the use of the credit resources is set at 7.51 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 75,100 thousand and paid to the bank in the amount of RUB 75,100 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

10. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-105810 dated 30.08.2010, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The line of credit with a limit of indebtedness in the sum of RUB 1,000,000 thousand, granted for the period of 36 months, the borrower is entitled to receive credit resources by separate parts (tranches). The credit was attracted on 24.01.2011.

The close date of the credit line: no later than 30.08.2013.

The interest rate for the use of the credit resources is set at 7.51 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 70,162 thousand and paid to the bank in the amount of RUB 67,899 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

11. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-105910 dated 08.09.2010, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The line of credit with a limit of indebtedness in the sum of RUB 1,000,000 thousand, granted for the period of 36 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 06.09.2013.

The interest rate for the use of the credit resources is set at 7.72 percent per annum.

For 2011 there was accrued and paid interest under the credit in the amount of RUB 77,200 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

12. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-108010 dated 29.09.2010, reflected in the accounting statements in the amount of RUB 500,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 13.01.2011 to 27.01.2011 the credit was selected within the signed loan debt limit - RUB 500,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 29.09.2015.

The interest rate for the use of the credit resources is set at 7.91 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 37,954 thousand and paid to the bank in the amount of RUB 36,814 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

13. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-111710 dated 10.11.2010, reflected in the accounting statements in the amount of RUB 1,225,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 12.01.2011 to 08.02.2011 the credit was selected within the signed loan debt limit - RUB 1,225,000 thousand. The term of the loan - 48 months.

The close date of the credit line: no later than 10.11.2014.

The interest rate for the use of the credit resources is set at 7.29 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 85,752 thousand and paid to the bank in the amount of RUB 84,599 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

14. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-107211 dated 19.04.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 06.06.2011 to 26.10.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 36 months.

The close date of the credit line: no later than 18.04.2014.

The interest rate for the use of the credit resources is set at 7.01 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 20,867 thousand and paid to the bank in the amount of RUB 18,754 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

15. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-107311 dated 19.04.2011, reflected in the accounting statements in the amount of RUB 500,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

On 28.09.2011 the credit was selected within the signed loan debt limit - RUB 500,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 19.04.2016.

The interest rate for the use of the credit resources is set at 7.55 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 9,722 thousand and paid to the bank in the amount of RUB 8,584 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

16. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-110811 dated 04.07.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

On 26.10.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 01.07.2016.

The interest rate for the use of the credit resources is set at 7.28 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 13,164 thousand and paid to the bank in the amount of RUB 10,970 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

17. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-110711 dated 04.07.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 26.10.2011 to 15.11.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 36 months.

The close date of the credit line: no later than 03.07.2014.

The interest rate for the use of the credit resources is set at 7.22 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 10,286 thousand and paid to the bank in the amount of RUB 8,110 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

18. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-114811 dated 27.09.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 26.10.2011 to 15.11.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 27.09.2016.

The interest rate for the use of the credit resources is set at 7.82 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 11,998 thousand and paid to the bank in the amount of RUB 9,641 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

19. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-114711 dated 27.09.2011, reflected in the accounting statements in the amount of RUB 500,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

On 26.10.2011 the credit was selected within the signed loan debt limit - RUB 500,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 27.09.2016.

The interest rate for the use of the credit resources is set at 7.86 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 7,106 thousand and paid to the bank in the amount of RUB 5,922 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

20. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-115011 dated 27.09.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

On 26.10.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 27.09.2016.

The interest rate for the use of the credit resources is set at 7.86 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 14,213 thousand and paid to the bank in the amount of RUB 11,844 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

21. Agreement of non-renewable credit line with JSC Sberbank of Russia, North-West Bank #0162-1-114911 dated 27.09.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

On 15.11.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 27.09.2016.

The interest rate for the use of the credit resources is set at 7.86 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 9,906 thousand and paid to the bank in the amount of RUB 7,537 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

22. Agreement of non-renewable credit line with JSC RUSSIA Joint-Stock Bank #2-1/073/2010 dated 31.05.2010, reflected in the accounting statements in the amount of RUB 800,000 thousand.

The line of credit with a limit of indebtedness in the sum of RUB 800,000 thousand, granted for the period of 24 months, the borrower is entitled to receive credit resources by separate parts (tranches).

The close date of the credit line: no later than 31.05.2012.

The interest rate for the use of the credit resources is set up at 7.1 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 18,907 thousand and paid to the bank in the amount of RUB 20,619 thousand.

The credit was redeemed prematurely in the period from 29.04.2011 to 03.05.2011.

23. Agreement of non-renewable credit line with JSC RUSSIA Joint-Stock Bank #2.1-1/045/2011 dated 19.04.2011, reflected in the accounting statements in the amount of RUB 1,025,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 22.08.2011 to 26.10.2011 the credit was selected within the signed loan debt limit - RUB 1,025,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 19.04.2016.

The interest rate for the use of the credit resources is set at 7.26 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 18,951 thousand and paid to the bank in the amount of RUB 18,951 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

24. Agreement of non-renewable credit line with JSC RUSSIA Joint-Stock Bank #2.1-1/046/2011 dated 19.04.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).
 In the period from 28.07.2011 to 29.08.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 19.04.2016.

The interest rate for the use of the credit resources is set at 7.26 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 28,481 thousand and paid to the bank in the amount of RUB 28,481 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

25. Agreement of non-renewable credit line with JSC RUSSIA Joint-Stock Bank #2.1-1/047/2011 dated 19.04.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 21.10.2011 to 26.10.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 19.04.2016.

The interest rate for the use of the credit resources is set at 7.36 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 14,039 thousand and paid to the bank in the amount of RUB 14,039 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

26. Agreement of non-renewable credit line with JSC RUSSIA Joint-Stock Bank #2.1-1/048/2011 dated 19.04.2011, reflected in the accounting statements in the amount of RUB 1,000,000 thousand.

The borrower is entitled to receive credit resources by separate parts (tranches).

In the period from 26.09.2011 to 20.10.2011 the credit was selected within the signed loan debt limit - RUB 1,000,000 thousand. The term of the loan - 60 months.

The close date of the credit line: no later than 19.04.2016.

The interest rate for the use of the credit resources is set at 7.33 percent per annum.

For 2011 there was accrued interest under the credit in the amount of RUB 15,957 thousand and paid to the bank in the amount of RUB 15,957 thousand.

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest is absent.

In 2012, RUB 3,000,000 thousand of long-term liabilities shall have maturity less than one year, data on liabilities and maturity are given in the table:

| RUB thousand | | | | | |
|--------------|---|--------------------------------|-------------------------|-------------------|------------|
| # | Creditor | # of Agreement | Sum under the agreement | Sum of redemption | Maturity |
| 1 | JSC Sberbank of Russia, North-West bank | 0162-1-105110 dated 13.08.2010 | 1,000,000 | 1,000,000 | 13.08.2013 |
| 2 | JSC Sberbank of Russia, North-West bank | 0162-1-105810 dated 30.08.2010 | 1,000,000 | 1,000,000 | 30.08.2013 |
| 3 | JSC Sberbank of Russia, North-West bank | 0162-1-105910 dated 08.09.2010 | 1,000,000 | 1,000,000 | 06.09.2013 |

The presence of delay in the fulfillment of liabilities on the repayment of the main debt sum and/or fixed interest, term of delay, days is absent.

Extra expenses of the Company for servicing of long-term loans in 2011 were services of the depository NPO CJSC NSD on the coupon yield payments under the bonded loans of 02 and 03 series in the amount of RUB 230 thousand.

3.10. Reserves for contingent assets and estimated liabilities

In the reporting year the Company created reserves with the expected performance of an obligation for a period of less than 12 months:

1. Payment of forthcoming holidays.
2. Annual bonus payment.
3. Judicial proceedings which have not been settled on the reporting date, which consisted of arbitration cases with the first court session, which took place in 2011 and the likelihood of solutions not in favor of JSC Lenenergo - 100%.
4. Other estimated liabilities:
 - for the amount of claims on the main activity excluding VAT;
 - for the reserve of bonus for commissioning of the most significant objects of capital construction.

Due to the similar liabilities on reserves to pay for the upcoming holidays and the payment of remuneration for the year in the past 2010 year the Company retrospectively showed the effect of allowances in the past year amounting to RUB 202,272.

Movements of reserves for contingent and estimated liabilities are given in Table 7, "Estimates liabilities" of the Notes to the balance sheet.

3.11. Deferred taxes

In accordance with RAS 18/02, the sums of deferred tax asset and deferred tax liability are reflected in the accounting statements of JSC Lenenergo. The specification of deferred tax asset and deferred tax liability for the reporting period is given as follows:

RUB thousand

| | 31.12.2010 | Obtained | Repaid | 31.12.2011 |
|--|------------------|----------------|----------------|------------------|
| <i>Deferred tax asset</i> | | | | |
| Fixed assets | 205,710 | 64,405 | 33,390 | 236,725 |
| Financial investments | 7 | - | - | 7 |
| Reserves of future expenses | - | 98,360 | 50,316 | 48,044 |
| Expenses of future periods | - | 32,904 | 15,227 | 17,677 |
| Other deferred expenses | 412 | 259,819 | 28,094 | 232,137 |
| TOTAL: | 206,129 | 455,488 | 127,028 | 534,590 |
| <i>Deferred tax liability</i> | | | | |
| Fixed assets | 936,467 | 570,613 | 109,743 | 1,397,337 |
| Non-current assets (interest payable, related to objects of capital investments) | 109,058 | 55,618 | 75,423 | 89,253 |
| Materials | 4,457 | 7,489 | 5,717 | 6,229 |
| Expenses of future periods | - | 256 | 33 | 223 |
| TOTAL: | 1,049,982 | 633,976 | 190,916 | 1,493,042 |
| <i>Fixed tax liability</i> | | | | |
| Fixed assets | - | 276,882 | - | - |
| Other non-operating expenses (financial aid, social benefits, penalties, penalty by the court, bonus to holiday dates, property donated to the city, expenditures on charity to educational institutions, cultural institutions) | - | 187,711 | - | - |
| TOTAL: | - | 464,593 | - | - |

3.12. Provisions

As of 31.12.2011 the Company has the following provisions:

1. "Provisions of liabilities and payments received":
 - on the bonded loan of 02 series in the form of guarantee of LLC Sevzapleasing in the amount of RUB 3,109,491 thousand;
 - on the bonded loan of 03 series in the form of guarantee of LLC Centre for Property Assessment, SPb in the amount of RUB 3,048,779 thousand;
 - security deposit on the Lease Agreement with JSC Bank St. Petersburg for RUB 1,261 thousand;
 - security payments for the provision of an application for participation in the tender in the amount of RUB 178,377 thousand;
 - provision a bank guarantee (return of advance payment and performance of obligations under the contract) for RUB 3,590,302 thousand.
2. "Provisions of liabilities and payments issued":
 - guarantee #107/3/07 dated 22.08.2007 to the Credit Agreement of LLC Rosgazleasing #107/07 dated 22.08.2007 with JSC Bank VTB North-West in the amount of RUB 10,380 thousand;
 - one name paper of JSC Lenenergo at face value of RUB 66,000 thousand;
 - security deposit on the Lease Agreement of premises with LLC Petroestate for RUB 71,721 thousand;
 - security deposit on the Connection Agreement with JSC Vympelcom for RUB 2,000.

3.13. Government assistance

The use by the Company of budgetary funds is given in Table 9, "Government assistance" of the Notes to the balance sheet, and represents the execution of the Agreement for accomplishment of tasks on mobilization preparation and financing of precautionary measures on reducing of industrial injuries and occupational diseases.

3.14. The information on availability of valuables, booked on off balance sheet accounts

As of 31.12.2011, on off balance sheet accounts of JSC Lenenergo the following valuables, that are temporarily in use, and separate economic operations are available:

| Indicator | 31.12.2011, RUB thousand |
|---|-----------------------------|
| Leased fixed assets | 6,587,338 |
| Including: under lease | 5,511,244 |
| Inventory items, accepted for safekeeping | 30,287 |
| Registered high-security forms | 107,131 |
| Indebtedness of insolvent debtors written off to losses | 426,566 |
| Security of liabilities and payments received | 9,928,210 |
| Security of liabilities and payments issues | 148,103 |
| Depreciation of fixed assets, including | 565 |
| Wear of the residential Fund | 565 |

At the same time, the property which is in the federal property is accounted on off balance sheet accounts in quantitative terms in the amount of 8 positions.

4. Explanations to indicators of the profit and loss statement

4.1. Incomes of organization

Revenue from sales of products and goods, including sales proceeds from works and services is determined in accordance with the assumption of temporary definiteness of facts of economic activity (on shipment) and producing of settlement documents for payment. Accounting of revenues is performed according to the types of activity.

Sales revenue is reflected in the profit and loss statement minus value added tax, discounts and similar obligatory payments.

Incomes for the reporting year are reflected in the profit and loss statement separately upon ordinary types of activity, and other incomes and expenses with explanations on types and quantities and a comparison with the previous year.

For the reporting year revenues from realization were as follows:

RUB thousand

| | As of 31.12.2010 | As of 31.12.2011 | Deviation | |
|---|---------------------|---------------------|-------------|-------|
| | | | Sum | % |
| Revenue, total including: | 34,200,557 | 37,009,120 | + 2,808,563 | 7.59 |
| From electric power transmission | 23,872,903 | 28,526,188 | + 4,653,285 | 16.31 |
| From technological connections | 10,163,694 | 8,310,564 | - 1,853,130 | 22.29 |
| Work and services of industrial character | 163,960 | 172,368 | + 8,408 | 4.87 |

The growth of revenues in the reporting period as compared to the previous year is associated with the increase of incomes from electricity transmission.

Miscellaneous incomes comprise the following groups:

RUB thousand

| Indicator | As of 31.12.2011 | As of 31.12.2010 |
|---|---------------------|---------------------|
| Miscellaneous income | 781,343 | 1,495,979 |
| From sale of fixed assets, except apartments | 2,331 | 1,556 |
| From sale of apartments | 3,840 | 31,292 |
| From sale of stocks | 17,320 | 46,602 |
| From sale of securities | - | 657,103 |
| From sale of other assets | 126 | 60 |
| Profit of 2010 elicited within the reporting period | 29,511 | 8,305 |
| Profit of 2009 elicited within the reporting period | 74,234 | 16,159 |
| Profit of 2008 elicited within the reporting period | 139 | 17,938 |
| Penalty fee, fines and liquidated damages recognized or on which judgment of court (arbitration court) are received on their collection | 10,346 | 523 |
| Accounts payable, on which the limitation period has expired (over 3 years) | 21,934 | 1,761 |
| Rate differences | 65 | 37 |
| Excess of property following the results of inventory | 2,073 | 907 |
| Gratuitously received assets, except FA and Intangible Assets | 68 | - |
| Income from gratuitously received FA | 151,984 | 10,748 |
| Cost of tangible assets remaining from write-off of unsuitable to restoration and further use assets | 12,834 | 13,704 |
| Income from revealed non-contract electricity consumption | 99,638 | - |
| Insurance payments receivable | 656 | 5,411 |
| Other | 354,244 | 683,873 |

In 2011, the total sum of other income decreased by RUB 714,636 thousand as compared to the previous year (-47.77%).

4.2. Expenses of organization

Expenses for the reporting year are reflected in the profit and loss statement separately upon ordinary types of activity, and other incomes and expenses with the specification of types and amounts and in comparison with the previous year.

The cost of sales in the reporting year constituted:

RUB thousand

| | As of 31.12.2010 | As of 31.12.2011 | Deviation | |
|---|---------------------|---------------------|------------|-------|
| | | | Sum | % |
| Cost price, total including: | 27,758,159 | 31,757,589 | +3,999,430 | 12.59 |
| From electric power transmission | 26,382,396 | 30,456,229 | +6,810,964 | 13.38 |
| From technological connections | 1,305,190 | 1,226,373 | -78,817 | 6.43 |
| Work and services of industrial character | 70,573 | 74,987 | +4,414 | 5.88 |

The increase in total prime cost at the revenue growth is insignificant and is associated with the work undertaken by the Company to reduce costs.

Miscellaneous expenses comprise the following groups:

RUB thousand

| Indicator | As of 31.12.2011 | As of 31.12.2010 |
|---|---------------------|---------------------|
| Miscellaneous expenses | 2,561,454 | 2,076,356 |
| On disposal of fixed assets, except apartments | 1,074 | 25 |
| From sale of apartment | 78 | 800 |
| From sale of inventories | 15,821 | 42,444 |
| From sale of securities | - | 522,049 |
| From sale of other assets | 76 | 34 |
| Other taxes | 1,792 | 2,751 |
| Expenses on payment of bank services | 7,729 | 7,199 |
| Expenses on servicing financial investments (including securities) | 10,658 | 12,144 |
| Reserve on doubtful debts | 540,404 | - |
| Reserve under depreciation of financial investments | 161 | - |
| Reserve under other estimated liabilities | 612,818 | - |
| Asset retirement without income | 60,089 | 86,562 |
| Expense of 2010 elicited within the reporting period | 22,813 | 25,986 |
| Expense of 2009 elicited within the reporting period | 153,482 | 1,951 |
| Expense of 2008 elicited within the reporting period | 72,223 | 5,428 |
| Expense before 01.01.2008 elicited within the reporting period | 106 | 2,701 |
| Fines, penalties and forfeits, accepted or concerning which court (arbitration) decisions were received | 55,323 | 8,599 |
| State duties under economic agreements | 4,727 | 3,659 |
| Unreimbursable VAT | 49,991 | 38,373 |
| Expenses on revealed non-contract electricity consumption | 41,594 | - |

| | | |
|--|---------|---------|
| Payments to associations and funds | 3,066 | 3,236 |
| Debt receivable, on which term of limitation of actions has expired (more than three years) | 52,737 | 22,356 |
| Exchange rate differences | 17 | 14 |
| Legal costs | 31,459 | 3,973 |
| Plunders, shortage | 2,078 | 8,947 |
| Expenses for executive production ((including reparation of damages) | 2,609 | 5,255 |
| Repayment value of the apartments of employees | 3,777 | 30,815 |
| Other material (financial) assistance and other payments to employees | 191,449 | 250,627 |
| Material aid to pensioners (including non-recurring payments, compensation of utility bills) | 10,723 | 11,014 |
| Expenses on holding sports events | 4,325 | 2,189 |
| Expenses on holding cultural and educational events | 30,927 | 25,099 |
| Other | 577,328 | 952,126 |

Miscellaneous expenses for the reporting period as compared to the previous year increased by RUB 485,098 thousand (+18.94%).

4.3. Accounting of income tax calculations of organizations (RAS 18/02)

For the reporting year of 2011 the economic activity derived accounting profit before taxation in the amount of RUB 2,361,424 thousand, and tax profit in the amount of RUB 3,909,119 thousand. The current profit tax for the reporting year, formed under the influence of existing tax differences amounted to RUB 781,824 thousand. The conditional expenditure for profit tax amounted to RUB 472,285 thousand.

The total amount of tax assets and liabilities formed under the influence of tax differences and affecting the adjustment of the conditional expenditure for profit tax totaled RUB 309,539 thousand:

- Fixed tax liability - RUB 464,593 thousand;
- Deferred tax asset - RUB 288,006 thousand;
- Deferred tax liability - RUB (443,060) thousand.

In 2011, the Company made clarification of its tax liabilities for the previous years:

- The Company decreased accrued tax liabilities for the previous periods for the amount of RUB 1,108 thousand.
- Due to the formation in the accounting of reserve for deferred expenses to pay for vacation, deferred tax asset was accrued from the profit of previous periods amounting to RUB 40,455 thousand.

In accordance with the Accounting policy of JSC Lenenergo, for tax purposes JSC Lenenergo calculates and pays taxes and fees in accordance with the tax and fee legislation of the Russian Federation, the tax and fee legislation of subjects of the Russian Federation, and regulatory legal acts of local governments on taxes and fees.

For tax purposes, the Company recognizes sales revenue in part of calculation of value added tax and profit tax on the method of accrual, and other taxes - according to the Tax Code of the Russian Federation, the legislation of the Russian Federation and subjects of the Russian Federation on taxes and fees.

In this regard, the major tax liabilities of the Company for the reporting year are as follows:

RUB thousand

| Budgets / Types of taxes | Accounts receivable | Accounts payable | Restructured (charges, penalties) |
|--|----------------------------|-------------------------|--|
| Federal budget | 792,168 | 40,091 | - |
| 1. VAT | 644,648 | 1,069 | - |
| 2. Profit tax | 142,581 | 383 | - |
| 3. Tax on income of individuals | 1,171 | 38,603 | - |
| 4. Ecological fees | - | - | - |
| 5. Other taxes | 3,768 | 36 | - |
| Penalties | 7,658 | - | - |
| Regional budget | 63,512 | 22,344 | - |
| 1. Property | 7,910 | 21,660 | - |
| 2. Profit tax | 55,270 | - | - |
| 3. Ecological fees | - | - | - |
| 4. Transport tax | 67 | 620 | - |
| 5. Other taxes | 265 | 64 | - |
| 6. Penalties | - | - | - |
| Local budget | 532 | 127 | - |
| 1. Property | - | - | - |
| 2. Profit tax | - | - | - |
| 3. Ecological fees | - | - | - |
| 4. Land tax | 477 | 107 | - |
| 5. Other taxes | 55 | 20 | - |
| 6. Penalties | - | - | - |
| TOTAL taxes accrued | | 1,012,171 | - |
| For reference: Land rent <u>accrued</u> | - | 25,971 | - |
| including: to the local budget | - | 25,971 | - |

5. Other explanations to the accounting report

5.1. Inventory of property and liabilities

During the reporting year of 2011 the Company performed the following inventories of assets and liabilities:

1. Unscheduled inventory of deferred expenses and real estate objects, on which the documents for the state registration were not submitted.

The inventory was performed pursuant to Order #220 dated 16.05.2011, which resulted in:

- restructuring of prepaid expenses for which at one time the sum of RUB 79,122 thousand was attributed to the expenses; generating of intangible assets amounting to RUB 1,773 thousand; attributing of insurance uniformly to the expenses on the term of contract in the amount of RUB 31,086 thousand.
- opening of account 76.07 "Deferred assets", for which for a uniform classification of the expenses for the term of the agreement transferred assets amounting to RUB 384,564 thousand.
- decommissioning from retained profit outdated and unused prepaid expenses in use amounting to RUB 67,968 thousand.

2. Unscheduled inventory of real estate objects without state registration.

The inventory was performed pursuant to Order #439 dated 29.09.2011, which resulted in:

- transferring into fixed assets of 168 property objects amounting to RUB 661,346 thousand, previously recorded as construction in progress;
- permitting to write off for losses of the property object, identified in the inventory as shortfall in the amount of RUB 107 thousand.

3. Unscheduled inventory of deferred income.

The inventory was carried out promptly, on the basis of changes in relation to the amendments introduced by Order #186n of the Ministry of Finance of the Russian Federation dated 24.12.2010 into to the Regulations on accounting and financial reporting (#34n), namely the exception of item 81, which provided for recording deferred income in the accounting statements.

Based on the Minutes the account 98 "Deferred Income" was closed, and the account balance of RUB 133,604 thousand was at one time attributable to other income of the year.

4. Scheduled (annual) inventory of property an financial liabilities.

The inventory was performed pursuant to Order #510 dated 28.10.2011, which resulted in:

On the inventory of assets as of 01.11.2011:

- Putting on the account identified surplus in the amount of RUB 585 thousand;
- Decommissioning of the shortfalls identified in the inventory in the amount of RUB 25,951 thousand;
- As a result of the inventory of technical literature, the latter is excluded from fixed assets, resulting in partially written off to losses in the amount of RUB 174 thousand, and the rest at one time was attributed to the prime cost of RUB 662 thousand;
- Having considered the inexpediency to continue work, writing-off the expenses to set up R&D in the sum of RUB 13,733 thousand;
- Writing-offs the property unfit for use in the amount of RUB 5,270 thousand.

On the inventory of liabilities (in part of settlements with customers and suppliers) as of 01.11.2011:

- receivables to be written off with an expired statute of limitations in the amount of RUB 1,161 thousand;
- payables over 3 years to be written-off in the amount of RUB 20,312 thousand;
- establishing the reserve on doubtful debts amounting to RUB 93,047 thousand.

5.2. The information on segments

The principal types of activity of the Company in 2011 were rendering services related to electric power transmission and technological connection to grids of JSC Lenenergo. Revenues from sales of services on the principal types of activity constituted RUB 36,836,752 thousand that corresponds to 99.53% of total revenues.

Accordingly, the following operational segments may be identified in the activity of the Company:

- Electric power transportation;
- Services on technological connection to grids.

| For 2011 | Power transportation and transmission services (RUB thousand) | Services on technological connection of consumers to grids (RUB thousand) | Other | Total on the Company |
|-----------------------|---|---|---------|----------------------|
| Segment's revenue | 28,526,188 | 8,310,564 | 172,368 | 37,009,120 |
| Segment's cost price | 30,456,229 | 1,226,373 | 74,987 | 31,757,589 |
| Segment's profit/loss | (1,930,041) | 7,084,191 | 97,381 | 5,251,531 |

The segments' revenue (income) was formed as a result of operations with external customers. Into the calculation of the segment's profit (loss) the expenses on profit tax and other similar payments, interest payable and receivable, incomes from participation in other organizations, and contingency incomes and expenses were not included.

The distribution of other incomes and expenses among the segments was not implemented due to the inexpediency and lack of the necessary fundamentals.

5.3. Events after the reporting date

The decisions to pay interim dividends for 2011 were not approved by the Company.

The decision on distribution of profits on the outcomes of 2010, including the payment of dividends for 2011 will be approved at the annual General shareholder meeting of the Company.

On 25.11.2011, the Extraordinary General shareholder meeting of JSC Lenenergo approved the decision to increase the authorized capital of the Company by placing additional ordinary shares of JSC Lenenergo by the public subscription in the amount of 273,023,689 (Two hundred seventy-three million twenty three thousand six hundred and eighty nine) pieces with a par value of 1 (One) ruble each for the total amount at the par value of shares for RUB 273,023,689 (Two hundred seventy-three million twenty three thousand six hundred and eighty nine).

The offering price (including to the persons included in the list of persons having the preemptive right to purchase additional shares) of one additional share is 14 (fourteen) rubles 56 (fifty six) cents.

The volume of funds raised could reach RUB 3.9 billion.

The main purpose of the issuance of additional ordinary shares of JSC Lenenergo is to attract investments.

The purpose of the use of funds resulting from the placement of additional ordinary shares, is the financing of the investment program of JSC Lenenergo (including the program of renovation of the cable network of 6-110 kV in the city of St. Petersburg, implemented by JSC Lenenergo) to improve the reliability of power system, providing uninterrupted power supply to consumers and create opportunities to connect additional load of consumers.

Expected date of placement of additional shares JSC Lenenergo is the 1st quarter - the beginning of the 3rd quarter of 2012.

In the 2nd half of 2012, the Company plans to initiate corporate procedures for implementing the next issue of additional ordinary shares with an indicative capacity of attracting RUB 4.9 billion. Dates for the second issue of additional ordinary shares are the 3rd and 4th quarters of 2012.

5.4. The information on cash movements

Cash as of December 31, 2011 include:

| | 2011 | 2010 | 2009 |
|--|-----------|---------|-----------|
| Monetary assets in rubles in cash | 119 | 179 | 189 |
| Monetary assets on settlement bank accounts | 6,794,509 | 327,352 | 2,481,452 |
| Monetary assets in foreign currency on bank accounts | | | |
| Total monetary assets on the balance sheet | 6,794,628 | 327,531 | 2,481,641 |
| Cash equivalents | 491 | 191 | 341 |
| Total cash in the cash flow statement | 6,795,119 | 327,722 | 2,481,982 |
| Financial documents | 785 | 711 | 735 |
| Total cash and cash equivalents on the balance sheet | 6,795,830 | 328,507 | 2,482,717 |

The Company does not have cash and cash equivalents, which as of December 31, 2011 are not available for use.

As of December 31, 2011 the Company has the ability to raise additional funds to open renewable credit line of JSC Bank VTB, Meridian branch, Agreement #62/10 dated 31.05.2010, for the total amount of RUB 1,000,000 thousand.

5.5. The information on related parties

The Board of Directors of the Company approved and concluded the following related party transactions (in which there is an interest) in the reporting year:

Contractor's Agreement to implement emergency and recovery operations in the aftermath of the disaster in the Priozersk and Sosnovsky DPN of Vyborg Power Distribution Networks between JSC Lenenergo and CJSC Kurortenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 04.02.2011(Minutes #13 dated 04.02.2011).

Related party under the Agreement is CJSC Kurortenergo, more than 20% of the voting shares of which are owned by JSC Lenenergo.

Parties to the Agreement:

Contractor – CJSC Kurortenergo.

Customer – JSC Lenenergo.

Subject of the Agreement:

Relationship of the Parties to implement emergency and recovery operations in the aftermath of the disaster in the Priozersk and Sosnovsky DPN of Vyborg Power Distribution Networks by restoring the electric grid in order to minimize potential property damage to consumers of electrical energy (emergency repair work) (hereafter referred to as the Work).

The Contractor shall perform the Work for the Customer and deliver the Customer the results of the Work, and the Customer shall accept and pay for the results of the Work on the terms and conditions of the Agreement.

Cost of Work:

The cost of the Work performed under the Agreement is limited, and amounts to 564,126 (Five hundred sixty-four thousand one hundred twenty-six) rubles 19 kopecks, including 18% VAT - 86,053 (Eighty-six thousand fifty-three) rubles 15 kopecks.

Validity of the Agreement:

The Agreement shall enter into force upon its signature, extends its effect on relations between the Parties arising from 29.07.2010, and is valid until the full performance of obligations by the Parties.

Agreement on provision of services between JSC IDGC Holding and JSC Lenenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 05.03.2011 (Minutes #14 dated 05.03.2011).

The related party under the agreement is JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo.

Parties to the Agreement:

- JSC IDGC Holding, hereafter referred to as IDGC Holding;
- JSC Lenenergo, hereafter referred to as the Company.

Subject of the Agreement:

IDGC Holding shall be obliged to provide services to the Company for the organization of functioning and development of the electric distribution grid complex pursuant to the terms of the Agreement, and the Company shall be obliged to accept and pay for the services pursuant to the terms of the Agreement.

Price of the Agreement:

The cost of services of IDGC Holding under the Agreement for one accounting period amounts to 6,798,590 (Six million seven hundred and ninety-eight thousand five hundred ninety) rubles 00 kopecks, plus VAT (18%) 1,223,746 (One million two hundred and twenty-three thousand seven hundred forty-six) rubles 20 kopecks. The accounting period is a calendar month of provision of services.

It was determined that the cost of services of IDGC Holding under the Agreement cannot constitute 2 or more percent of book value of assets of the Company according to its financial statements for the last accounting date prior to the adoption of this resolution.

Validity of the Agreement:

The Agreement enters into force upon its signature by the Parties and is valid until 01.01.2013, and in part of calculations - until the Parties fulfill the obligations assumed. The Agreement extends its effect on the relationship of the Parties arising from 01.01.2011.

Agreement between JSC IDGC of Centre and JSC Lenenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 24.03.2011 (Minutes #15 dated 24.03.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Agreement between JSC IDGC of Centre and JSC Lenenergo is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

Related parties are acknowledged:

- JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo and more than 20% of voting shares of JSC IDGC of Centre;
- members of the Board of Directors of JSC Lenenergo:
 - N.N. Shvets, A.A. Popov, who are also members of the Board of Directors of JSC IDGC of Centre.

Parties to the Agreement:

Contractor – JSC Lenenergo

Customer – JSC IDGC of Centre.

Subject of the Agreement:

The Customer entrusts, and the Contractor agrees to perform at its own risk, on its own repair work (hereafter referred to as the Work) at the facility of OTL 10 kV: Korotyshi substation fid.10, Ulin substation fid.1, Bibirevo substation fid.1, Ilyin substation fid. 1,7,13

Cost of Work:

The cost of the Work performed by the Contractor under the Agreement is a limit price and in accordance with the Local cost estimates amounts to 907,066 (Nine hundred and seven thousand and sixty-six) rubles 60 kopecks, including 18% VAT of 138,366 (One hundred and thirty-eight thousand three hundred sixty-six) rubles 09 kopecks.

Terms of performance of Work:

Start of Work: January 01, 2011.

End of Work: February 28, 2011.

The terms of the Work may be changed by signing a corresponding Supplementary Agreement to the contract.

Validity of the Agreement:

The Agreement shall enter into force upon its signature by both Parties and is valid until the Parties fulfill their obligations, or the termination of the Agreement.

The Agreement extends its effect on the relationship of the Parties arising from 01.01.2011.

Agreement between JSC MOESK and JSC Lenenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 15.04.2011 (Minutes #16 dated 15.04.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Agreement between JSC MOESK and JSC Lenenergo is a related-party transaction, and it is subject to preliminarily approval by the Board of Directors of JSC Lenenergo.

Related parties are acknowledged:

- IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo and more than 20% of voting shares of JSC MOESK;
- members of the Board of Directors of JSC Lenenergo N.N. Shvets, A.A. Popov, S.E. Yurchuk, N.G. Shulginov who are also members of the Board of Directors of JSC MOESK.

Parties to the Agreement:

JSC Lenenergo - Contractor.

JSC MOESK - Customer.

Subject of the Agreement:

The Contractor shall be obliged to execute emergency repair and maintenance work in the aftermath of accidents on OTL 0.4-220kV (electric power facilities of the Customer), resulted in the damage to the property of the Customer caused by natural disasters and / or external influence and / or falling trees and / or snow build-up and / or ice and / or glaze effects, and transfer the results of work to the Customer.

Cost of Work:

The cost of the Work under the Agreement amounts to 5,653,247 (Five million six hundred fifty-three thousand two hundred forty-seven) rubles 00 kopecks, including VAT 862,360 (Eight hundred sixty-two thousand three hundred sixty) rubles 00 kopecks, according to the planned cost estimates.

Validity of the Agreement:

The Agreement shall enter into force upon its signature by both Parties and is valid until the Parties fulfill the obligations assumed. Terms of the Work: from January 01, 2011 to January 31, 2011.

Agreement between JSC IDGC of Centre and JSC Lenenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 29.04.2011 (Minutes #17 dated 29.04.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Agreement between JSC IDGC of Centre and JSC Lenenergo is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

Related parties are acknowledged:

- JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo and more than 20% of voting shares of JSC IDGC of Centre;
- members of the Board of Directors of JSC Lenenergo:
 - N.N. Shvets, A.A. Popov, who are also members of the Board of Directors of JSC IDGC of Centre.

Parties to the Agreement:

Contractor – JSC Lenenergo,
Customer – JSC IDGC of Centre.

Subject of the Agreement:

The Contractor shall be obliged to execute emergency repair and maintenance work in the aftermath of accidents on grid facilities of the customer: 10 kV OTL: Korotyshi substation fid.10, Ulin substation fid.1, Bibirevo substation fid.1, Ilyin substation fid. 1,7,13, resulted in the damage to property of the Customer caused by natural disasters and / or external influence and / or falling trees and / or snow build-up and / or ice and / or glaze effects, and transfer the results of work to the Customer.

Price of the Agreement:

The cost of the work performed by the Contractor under the Agreement amounts to 907,066 (Nine hundred and seven thousand and sixty-six) rubles 60 kopecks, including 18% VAT - 138,366 (One hundred and thirty-eight thousand three hundred sixty-six) rubles 09 kopecks.

Validity of the Agreement:

Terms of the Work from January 01, 2011 to May 30, 2011. The Agreement enters into force upon its signature by the Parties and is valid until the Parties fulfill the obligations assumed.

Pursuant to Clause 2, Article 425 of the Civil Code of the Russian Federation the parties have established that the conditions of the Agreement are applicable to the relations between the Customer and the Contractor arising from January 01, 2011.

Agreement on provision of services to conduct All-Russian competition in professional skills of operational and maintenance personnel of electric distribution networks of JSC IDGC Holding between JSC Lenenergo and JSC IDGC of North-West.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 29.04.2011 (Minutes #17 dated 29.04.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Agreement between JSC Lenenergo and JSC IDGC of North-West is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

Related parties are acknowledged:

- JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo and more than 20% of voting shares of JSC IDGC of North-West;
- members of the Board of Directors of JSC Lenenergo: S.E. Yurchuk, S.J. Remes, A.A. Popov, who are simultaneously members of the Board of Directors of JSC IDGC of North-West and members of the Board of Directors of JSC Lenenergo.

Parties to the Agreement:

Participant 1 - JSC Lenenergo,

Participant 2 - JSC IDGC of North-West.

Subject of the Agreement:

Participant 2 shall be obliged to render services on the organization and conduct of "All-Russian competition in professional skills of operational and maintenance personnel of electric distribution networks of JSC IDGC Holding (hereinafter - the event) among the teams of operational and maintenance personnel of JSC IDGC Holding on the base of the training polygon "TC Energetic" (OGRN 1033500071439, location: 160014, Vologda, Summer St., 1) in the city of Vologda, from 5 to 9 September, 2011, pursuant to the Regulations on holding All-Russian competition in professional skills of operational and maintenance personnel of electric distribution networks of JSC IDGC Holding in 2011", and Participant 1 shall pay for the services pursuant to the terms of the Agreement and ensure the participation of the team of operational and maintenance personnel in the Event.

Price of the Agreement:

The cost of services under the Agreement amounts to 937,900 (Nine hundred thirty-seven thousand nine hundred) rubles 00 kopecks, including VAT 18% - 143,069 (One hundred forty-three thousand and sixty-nine) rubles 49 kopecks.

Validity of the Agreement:

The Agreement enters into force upon its signature and is valid until the Parties fulfill their obligations.

Sublease Agreement of a land plot between JSC Lenenergo and JSC FGC UES.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 14.06.2011 (Minutes #20 dated 14.06.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Sublease Agreement of a land plot between JSC FGC UES and JSC Lenenergo (hereafter referred to as the Agreement) is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

The related party shall be acknowledged JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo, whose affiliated persons – Members of the Board of Directors G.P. Kutovoy, I.V. Khvalin and S.I. Shmatko – hold posts in the Board of Directors of JSC FGC UES.

Parties to the Agreement:

Leaseholder – JSC Lenenergo;

Sublessee – JSC FGC UES.

Subject of the Agreement:

Provision by the Leaseholder for a fee for temporary possession and use by the Sublessee of part of the land plot of 49,145.70 sq.m, located at St. Petersburg, Polyustrovsky Ave., 46, on the land plot of a total 55,787 sq.m, the cadastral number: 78:5164A:1; the

categories of land - land of settlements; target use - production of electricity, for use on the core type of activity.

Rent:

Quarterly rent amounts to 61,292 (Sixty one thousand two hundred ninety-two) rubles 63 kopecks, plus VAT (18%) 11,032 (Eleven thousand thirty-two) rubles 67 kopecks.

Validity of the Agreement:

The Agreement is concluded for a period of 11 (eleven) months and shall enter into force upon its signature.

Agreement on cooperation in the prevention and mitigation of accidents at the electric power facilities between JSC IDGC of South and JSC Lenenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 20.06.2011 (Minutes #22 dated 20.06.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Agreement between JSC Lenenergo and JSC IDGC of South is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

Related parties are acknowledged:

- JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo and more than 20% of voting shares of JSC IDGC of South;
- members of the Board of Directors of JSC Lenenergo: N.N. Shvets, S.E. Yurchuk, who are simultaneously members of the Board of Directors of JSC IDGC of South and members of the Board of Directors of JSC Lenenergo.

Parties to the Agreement:

JSC IDGC of South,
JSC Lenenergo

Subject of the Agreement:

Relationship of the Parties in the prevention and mitigation of accidents at the electric power facilities caused by damage to the equipment (including natural disasters), and the need to disconnect the power supply to eliminate the threat to human life and health, and other causes in the area of responsibility of the Parties.

The concept (definition) of an accident is understood in the sense in which it is treated by the Regulations on investigation of the causes of accidents in the power sector, approved by Decree of the Government of the Russian Federation on October 28, 2009 #846.

The Agreement is concluded for joint prompt organized response to restore the power grid facilities necessary for the normalization of the power supply to consumers and to prevent possible damage to property of electric power consumers and other subjects of the electric power industry.

Parties in their activities are guided by laws and other normative legal acts of the Russian Federation, governing the organization and functioning of the wholesale and retail electricity markets, and by the Agreement.

Validity of the Agreement:

The Agreement shall enter into force on the date of its signature and is valid until 01.11.2011.

If either Party does not claim to terminate the Agreement thirty (30) days prior to the completion of its validity, the Agreement shall be extended for a year.

Agreement on cooperation in the prevention and mitigation of accidents at the electric power facilities between JSC IDGC of North-West and JSC Lenenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 20.06.2011 (Minutes #22 dated 20.06.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Agreement between JSC Lenenergo and JSC IDGC of North-West is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

Related parties are acknowledged:

- JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo and more than 20% of voting shares of JSC IDGC of North-West;
- members of the Board of Directors of JSC Lenenergo: S.E. Yurchuk, A.A. Popov, S.J. Remes, who are simultaneously members of the Board of Directors of JSC IDGC of North-West and members of the Board of Directors of JSC Lenenergo.

Parties to the Agreement:

JSC IDGC of North-West,
JSC Lenenergo

Subject of the Agreement:

Relationship of the Parties in the prevention and mitigation of accidents at the electric power facilities caused by damage to the equipment (including natural disasters), and the need to disconnect power supply to eliminate the threat to human life and health, and other causes in the area of responsibility of the Parties.

The Agreement is concluded for joint prompt organized response to restore the power grid facilities necessary for the normalization of the power supply to consumers and to prevent possible damage to property of electric power consumers and other subjects of the electric power industry.

Parties in their activities are guided by laws and other normative legal acts of the Russian Federation, governing the organization and functioning of the wholesale and retail electricity markets, and by the Agreement.

Validity of the Agreement:

The Agreement shall enter into force on the date of its signature and is valid until 31.12.2011.

If either Party does not claim to terminate the Agreement thirty (30) days prior to the term indicated in the Agreement, the validity of the Agreement shall be extended for each subsequent year.

Lease Contract of premises for the purposes of accommodation of personnel of the Branch of JSC Lenenergo Kingisepp Power Distribution Networks in the city of Kingisepp between JSC Lenenergo and JSC FGC UES.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 11.08.2011 (Minutes #3 dated 11.08.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Lease Contract between JSC FGC UES and JSC Lenenergo is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

The related party shall be acknowledged JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo, whose affiliated persons – Members of the Board of Directors G.P. Kutovoy, I.V. Khvalin and S.I. Shmatko – hold posts in the Board of Directors of JSC FGC UES, which is a party to the Agreement.

Parties to the Agreement:

Leaseholder – JSC Lenenergo;
Lessor – JSC FGC UES.

Subject of the Agreement:

The Leaseholder leases, and the Lessor takes for temporary possession and use (lease) Premises located at:

- 330 kV Kingiseppskaya substation, Leningrad Region, Kingisepp District, village Maky Lutsk, on the second floor of OCP, lit. A (rooms #2, 14), an area of 106.70 sq.m, in accordance with the floor plans of premises

Rent and payment procedure:

Quarterly rent amount to 37,771 (Thirty-seven thousand seven hundred seventy-one) rubles 80 kopecks, including VAT (18%) 5,761 (Five thousand seven hundred sixty one) rubles 80 kopecks.

Validity of the Agreement:

The Agreement is concluded for a period of 11 (eleven) months and shall enter into force upon its signature. Terms and conditions of the Agreement apply to the relationship of the Parties arising from 04.04.2010.

Upon expiry of the contract, in the absence of objections of the parties, the Agreement is concluded for a new term equal to 11 months under the same conditions.

Lease Contract of premises for the purposes of accommodation of personnel of the Branch of JSC Lenenergo Suburban Power Distribution Networks in the city of St. Petersburg between JSC Lenenergo and JSC FGC UES.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 11.08.2011 (Minutes #3 dated 11.08.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Lease Agreement between JSC FGC UES and JSC Lenenergo is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

The related party shall be acknowledged JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo, whose affiliated persons – Members of the Board of Directors G.P. Kutovoy, I.V. Khvalin and S.I. Shmatko – hold posts in the Board of Directors of JSC FGC UES, which is a party to the Agreement.

Parties to the Agreement:

Leaseholder – JSC Lenenergo;

Lessor – JSC FGC UES.

Subject of the Agreement:

The Leaseholder leases, and the Lessor takes for temporary possession and use (lease) premises located at:

- 330 kV Zapadnaya substation, St. Petersburg, Marshal Kazakov St., 23, building 2, on the second floor of OCP, Lit. A (rooms #35, 36), an area of 73.9 sq.m.;

- 220 kV Volkhov-Severnaya substation, St. Petersburg, Polyustrovsky Ave., 46 in a warehouse building, Lit. B, an area of 718.9 sq.m;

in the warehouse building, Lit. D, an area of 432.0 sq.m;

- 330 kV Kolpino substation, St. Petersburg, Kolpino, the Left bank of the river Izhora, 7, on the first floor of the household building, Lit. B (rooms #10,11), an area of 115.00 sq.m;

- 220 kV Kolpinskaya substation, St. Petersburg, Kolpino, Fidernaya St., 2, on the second floor of the building of overall-substation control panel, Lit. A (rooms #126,127,128), an area of 43.1 sq.m;

in the administrative building, Lit. B (rooms #1-20, an area of 146.6 sq. m.);

auxiliary building, Lit. E, an area of 319.7 sq.m;

warehouse building, Lit. Zh, area of 157.6 sq.m, according to the floor plans of premises.

Rent and payment procedure:

Quarterly rent is 1,204,311 (One million two hundred and four thousand three hundred eleven) rubles 54 kopecks, including VAT (18%) 183,708 (One hundred eighty-three thousand seven hundred and eight) rubles 54 kopecks.

Validity of the Agreement:

The Agreement is concluded for a period of 11 (eleven) months and shall enter into force upon its signature. Terms and conditions of the Agreement apply to the relationship of the Parties arising from 14.06.2010.

Upon expiry of the contract, in the absence of objections of the parties, the Agreement is concluded for a new term equal to 11 months under the same conditions.

Lease Contract of premises for the purposes of accommodation of personnel of the Branch of JSC Lenenergo Lodeynoye Pole Power Distribution Networks in the city of Lodeynoye Pole between JSC Lenenergo and JSC FGC UES.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 11.08.2011 (Minutes #3 dated 11.08.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Lease Agreement between JSC FGC UES and JSC Lenenergo is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

The related party shall be acknowledged JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo, whose affiliated persons – Members of the Board of Directors G.P. Kutovoy, I.V. Khvalin and S.I. Shmatko – hold posts in the Board of Directors of JSC FGC UES, which is a party to the Agreement.

Parties to the Agreement:

Leaseholder – JSC Lenenergo;

Lessor – JSC FGC UES.

Subject of the Agreement:

The Leaseholder leases, and the Lessor takes for temporary possession and use (lease) premises located at:

- 220 kV Lodeynoye Pole substation, Leningrad Region, Lodeynoye Pole District, Lodeynoye Pole, South West Industrial Area, 1, on the first floor of OCP, Lit. A (rooms #8, 9, and part of the room #20) with a total area of 74.3 sq.m, according to the floor plan of premises.

Rent and payment procedure:

Quarterly rent is 22,093 (Twenty two thousand ninety-three) rubles and 85 kopecks, including VAT (18%) 3,370 (Three thousand three hundred seventy) rubles 25 kopecks.

Validity of the Agreement:

The Agreement is concluded for a period of 11 (eleven) months and shall enter into force upon its signature. Terms and conditions of the Agreement apply to the relationship of the Parties arising from 13.05.2010.

Upon expiry of the contract, in the absence of objections of the parties, the Agreement is concluded for a new term equal to 11 months under the same conditions.

Agreement on joint use of the road between JSC Lenenergo, JSC Rostelecom and JSC FGC UES, which is a related party transaction.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 20.09.2011 (Minutes #5 dated 21.09.2011).

Pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" the Agreement on joint use of the road between JSC Lenenergo, JSC Rostelecom and JSC FGC UES is a related-party transaction, and it is subject to preliminary approval by the Board of Directors of JSC Lenenergo.

The related party shall be acknowledged JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo, whose affiliated persons – Members of the Board of

Directors I.V. Khvalin and D.V. Fedorov – hold posts in the Board of Directors of JSC FGC UES, which is a party to the Agreement.

Parties to the Agreement:

- User 1 – JSC Lenenergo;
- User 2 – JSC Rostelecom;
- User-balance holder – JSC FGC UES.

Subject of the Agreement:

Joint use of the common access road located at: the Leningrad Region, Gatchina District, settlement Suburban, located on the balance of JSC FGC UES, inventory number 0304-2-12-11464, through which the access to land with the inventory numbers 47:23:0403001:257 and 47:23:0403001:184 is executed. The land plot with a cadastral number 47:23:0403001:256 is a zone of passage and covers an area of 734 sq.m

Validity of the Agreement:

- The Agreement shall enter into force upon its signature by the Parties.
- Agreement is terminated:
 - upon the agreement of the Parties;
 - unilaterally by User 1 and/or User 2 by submitting a written notice to User-balance holder no later than 10 days before the intended date of termination;
 - on other grounds provided by legislation.

Supplementary Agreement to the Agreement on technological cooperation between JSC SO UES and JSC Lenenergo, which is a related-party transaction.

Approval of the Supplementary Agreement to the Agreement on technological cooperation between JSC SO UES and JSC Lenenergo in order to ensure the reliability of the UES of Russia from 01.02.2011 #SDU-1/2010

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 29.12.2011 (Minutes #15 dated 30.12.2011).

The related party shall be acknowledged JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo.

Supplementary agreement to the Agreement on technological cooperation between JSC SO UES and JSC Lenenergo in order to ensure the reliability of the UES of Russia from 01.02.2011 #SDU-1/2010 (hereafter referred to as the Agreement) introduces amendments and supplements to the approved Agreement, due to entering into force of:

- tripartite Agreement on technological cooperation of JSC SO UES, JSC FGC UES and its subsidiary (dependent) companies IDGC Holding for the safe production of work on the overhead power lines, the potential of the induced voltage exceeds 25 V,
- basic principles of organization and procedure of switching on the new generation of substations to be performed from the automated workstation of operating and dispatching personnel, approved by JSC SO UES, JSC FGC UES and JSC IDGC Holding,
- new edition of the Standard of organization STO 59012820.29.240.001-2011 "Automatic emergency management of power system modes. Emergency control of power systems. Terms of the process. Terms of creating the object. Standards and Requirements", and invalidation of the previous version of the Standard STO 59012820.29.240.008-2008 specified in the approved Agreement.

Sublease Agreement between JSC Lenenergo and JSC Lenenergo Energy Service Company.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 29.12.2011 (Minutes #15 dated 30.12.2011).

The related party shall be acknowledged JSC Lenenergo Energy Service Company, more than 20% of voting shares of which are owned by JSC Lenenergo.

Parties to the Agreement:

Sublessor – JSC Lenenergo;

Sublessee – JSC Lenenergo Energy Service Company..

Subject of the Agreement:

Provision by the Sublessor for a fee for temporary possession and use by Sublessee of the part of non-residential premises as an office (hereafter referred to as the Object).

The Object is located at St. Petersburg, Leninskiy Ave., 153, lit. A (Constitution Sq., 1) with a total area of 10 sq.m.

The Sublessor ensures that at the time of the Agreement the Object to sublet, located in the temporary possession and use of the Sublessor under the long-term Lease Agreement of the building #07-880 dated 19.04.2007, registered by the Office of the Federal Registration Service in St. Petersburg and Leningrad Region on 14.05.2007, registration number 78-78-01/0212/2007-578 concluded with LLC Petroestate (hereinafter - the Leaseholder).

Rent and payment procedure:

Parties to the agreement determined that the cost of rent of the whole Object for a full calendar month of the rent amounts to 18,983 (Eighteen thousand nine hundred and eighty three) rubles 00 kopecks, including 18% VAT 2,895 (Two thousand eight hundred ninety-five) rubles 71 kopecks. The size (value) of rent can be changed. On the change in rent the Sublessor shall notify the Sublessee no later than two weeks before the start of the next calendar month.

Validity of the Agreement:

Terms and conditions of the Agreement apply to the relations of the Parties effective from 08.11.2011.

The Agreement is valid for 11 months and shall enter into force upon its signature. The Agreement cannot be extended.

Termination of the term of contract does not relieve the Parties from liability for its violation, if any, in the performance of the Agreement.

Agreement on cooperation between the branch of JSC FGC UES - Main Power Networks of North-West and JSC Lenenergo.

The date of approval of the transaction by the Board of Directors of JSC Lenenergo 29.12.2011 (Minutes #15 dated 30.12.2011).

The Agreement on cooperation between the branch of JSC FGC UES - Main Power Networks of North-West and JSC Lenenergo (hereafter referred to as the Agreement) pursuant to Clause 1, Article 81 of the Federal Law "On Joint-Stock Companies" is a related-party transaction, and it is subject to preliminarily approval by the Board of Directors of JSC Lenenergo.

The related party shall be acknowledged JSC IDGC Holding, owning more than 20% of voting shares of JSC Lenenergo, whose affiliated persons – Members of the Board of Directors I.V. Khvalin and D.V. Fedorov – hold posts in the Board of Directors of JSC FGC UES, which is a party to the Agreement.

Parties to the Agreement:

JSC Lenenergo;

JSC FGC UES (branch of JSC FGC UES - Main Power Networks of North West).

Subject of the Agreement:

The agreement determines the order of interaction of the Parties in:

- implementation of information exchange of operational data about emergencies, accidents in the power sector, the impact of natural hazards and disasters (hereinafter - the current information);

- prevention and (or) elimination of the consequences of accidents and emergencies at power facilities due to damage to the equipment (including natural disasters), and if necessary, disconnect of electrical power supply to eliminate the threat to life or health or other reasons in the area of liability of the Parties;
- responding to signals received from local residents about the facts of violations in the electric grid equipment or misconduct in respect of the power facilities.

The concept (definition) of the accident is understood in the sense in which it is treated by the Regulations on investigation of the causes of accidents in the power sector, approved by Decree #846 of the Government of the Russian Federation on October 28, 2009.

The concept of "emergency" was adopted in the definition given in the Federal Law of 21.12.1994 #68-FZ "On protection of population and territories from emergency situations of natural and technogenic character".

The agreement is to enhance the effectiveness in preventing and (or) liquidation of the consequences of accidents at the electric power facilities and improve the efficiency of operational information submitted by the Parties

Validity of the Agreement:

The Agreement shall enter into force upon its signature and is valid for 1 (one) year from the date of its signature.

If either Party does not claim to terminate the Agreement 30 (thirty) days prior to the completion of its validity, the Agreement shall be extended for a year.

In 2011, the amount of remuneration to the members of the Company's Board of Directors and the Audit Commission in accordance with the Articles of Association of JSC Lenenergo constituted RUB 17,731 thousand.

5.4. The information on energy saving (Federal Law #261 dated 23.11.2009)

During the reporting calendar year, the Company incurred the following costs to pay the used energy resources:

- Costs to purchase electricity for household needs constituted RUB 67,869 thousand (net of VAT), consumed 21,988 thousand kW respectively;
- Costs to purchase electricity for compensation of losses in electric networks of JSC Lenenergo constituted RUB 5,357,159.9 thousand (net of VAT), which amounted to 3,546,443.046 thousand kW.

February 17, 2012

Director General of the Company _____ /A.V. Sorochinskiy/

Chief Accountant of the Company _____ /G.V. Kuznetsova/