



# ENERGOMASHINOSTROITELNAYA CORPORATION

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**To the First Deputy Minister  
of Russian Federation  
for atomic energy**

**Mr. L.D. Ryabev**

Dear Lev Dmitrievich !

In response to your outgoing № 03-1235 from 24.03.97 "About financial-economical state of Atom mash JSC" I inform you about the following.

The established "EMK-Atom mash" JSC has an authorized capital of 1400 billion rubles.

The value of the property contributed by Atom mash JSC to the authorized capital of "EMK-Atom mash" JSC is 1200 billion rubles.

According to the constitutional documents, the proportion of the contribution made by Atom mash JSC in the authorized capital of "EMK-Atom mash" JSC is 85.7%, the remaining 14.3%, i.e. 200 billion rubles, have been contributed by EMK JSC.

Control over the usage of contributed property from the State side is conducted via departmental affiliation of Atom mash JSC to the Ministry of Atomic Energy and due to the fact that Atom mash JSC owns 85.7% share in "EMK-Atom mash" JSC. This allows managing the established joint stock company and monitoring the prescribed usage of contributed property.

The portfolio of orders of "EMK-Atom mash" JSC for the next decade confirms producing power equipment as its core activity in accordance with the Charter of the new company.

The single property/production complex of the plant is preserved; the workflows for the production of core range of items are unbroken.

Contribution of property to the authorized capital of "EMK-Atom mash" JSC is a long-term investment for Atom mash JSC.

The planned economy effect from the material contribution to the newly created joint-stock company is in the following: the enterprise which is currently on the brink of bankruptcy gets an opportunity to settle with creditors thanks to its new liquid assets – the "EMK-Atom mash" JSC stock. A new partner emerges –

“Energomashinostroitelnaya corporation” which made a contribution of 200 billion rubles to the working capital and provided contracts for its core specialty. As a result, the activity of the enterprise has been resumed, which will ensure the current payments for Atommash JSC, cover the arrears in wages and soothe social tensions on the enterprise and in Volgodonsk city. A restructuring of accounts payable, currently under a moratorium, is planned for.

According to the Notification of the State Antitrust Committee of Russia from 24.02.97 № VB/778, the establishment of the new company will not lead to a restraint of competition.

The rights and interests of the shareholders of Atommash JSC are protected by the current legislation, in particular, the Federal Law “On Joint Stock Companies” as well as by the Charters of Atommash JSC and “EMK-Atommash” JSC.


Establishment of “EMK-Atommash” JSC does not prevent the resumption of the Annual General Meeting of shareholders and other governing bodies of Atommash JSC after the expiration of external management period.

Due to having 85.7% interest in “EMK-Atommash” JSC at the moment of the establishment at the disposal of Atommash JSC, the shareholders of the latter get an opportunity to participate in profits of the new joint stock company.

Understanding the concern of the Ministry of Atomic Energy of RF about the financial and economic state of Atommash JSC and usage of its fixed assets as intended, I suggest reviewing this topic jointly and developing proposal on measures for supporting “EMK-Atommash” JSC which the Ministry of Atomic Energy of RF can provide.

Kind regards,

General Director



A.Y. Stepanov

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This letter in English is a translation of an original text of a document in Russian, the existence of which I hereby confirm.

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