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**DEPUTY
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**To the General Director
of State Corporation
for nuclear energy “ROSATOM”**

S.V. KIRIYENKO

Dear Sergey Vladilenovich!

Successful development of Russia's economy depends primarily on the availability of energy capacity, which the country has lost due to different reasons. This prompts us to undertake urgent actions to build capacity through intensive development of nuclear power engineering enterprises. For this we need to solve the problem of restoring the country's industrial potential so that industrial enterprises can quickly start producing modern high-tech equipment for nuclear power development in Russia.

Atom mash OJSC, the flagship of national nuclear engineering, was designed to produce 8 sets of VVER-1000 reactor equipment per year. Construction of Atom mash began in 1975, and already in 1981 it started producing equipment of its core profile. By the end of 1989 Atom mash reached a level of production of 4 sets per year. Its production premises occupied 6 square kilometers and were equipped with unique modern equipment, 80% of which was purchased from the world's leading manufacturers, including Western companies: Italimpianti, ESAB, Varian, Mannesmann AG.

After voucher auctions, 30% stake and one “golden share” of Atom mash OJSC remained in State property. Cessation of nuclear energy development in Russia made Atom mash initiate production of other goods; that required a loan, which the company was forced to take at 216% interest per annum. The accounts payable, being just a tiny fraction of the net book value of assets of Atom mash OJSC, nevertheless served as a pretext for the Territorial Agency of the Federal Office for Insolvency (Bankruptcy) Proceedings for Rostov region to initiate bankruptcy proceedings against the nuclear industry giant. Real market value of Atom mash OJSC was much higher than its net book value.

Bankruptcy of Atom mash OJSC was carried out for the benefit of “EMK-Atom mash” JSC which was created on the premises of the former. It illegally “inherited” the core production facilities and all liquid assets of Atom mash OJSC, after which Atom mash OJSC was forcibly liquidated on 25.11.1999.

On the basis of the instruction of the Committee on Industry, Construction, Transport and High Technology of the State Duma of Russian Federation (ref. №3.11-21/1312 from 21.10.2000) the Audit Chamber of RF has inspected the facts of the bankruptcy of Atom mash OJSC. Having concluded the audit, the College of the Audit Chamber of the Russia issued a Decree of 22.02.2002, №6 (289) "The results of thematic inspection of legality, effectiveness and expediency of disposal and use of federal property in power engineering". This Decree scrupulously lists unlawful actions of officials during the bankruptcy of Atom mash OJSC and the huge material damage they dealt to the State.

Thus, it has been officially acknowledged that, with the complicity of certain officials, the State, Atom mash and its shareholders suffered tremendous damage; in particular, the State has been deprived of a 30% stake in Atom mash OJSC.

The task of developing nuclear energy in Russia and abroad, set by the leadership of Russian Federation, cannot be accomplished without developing nuclear engineering. Thus, we need to settle the crucially important matter of reviewing the case and cancelling the decision of the Rostov regional Arbitration Court to recognize Atom mash OJSC bankrupt, restoring the status quo of the latter. In this case, the State will be able to return its 30% stake on a legal basis. This is why it's crucial that the Investigative Committee under the Office of Prosecutor General is instructed to conduct an independent investigation of the bankruptcy of Atom mash OJSC, using the audit materials of the Audit Chamber of RF, conducted at the request of the Russian State Duma of 21.10.2000. In order to conduct a real, independent investigation of this major case, the investigative authorities must be fully protected from potential pressure from members of the organized criminal group of officials on regional and federal level. As a result of the investigation, an order (a protest) can be issued and submitted to the Supreme Arbitration Court of Russia in order to cancel the Definition of the Arbitration Court of the Rostov region, under which Atom mash OJSC was recognized bankrupt; criminal proceedings against people guilty of the intentional bankruptcy of Atom mash OJSC should be instituted; compensation for the damage dealt to the State, to Atom mash and its shareholders must be collected from them.

After the restoration of status quo, re-equipment and return of skilled workers and professionals, Atom mash OJSC will be able to restart its production in the State's interest.

Please inform me about the decision you make.

Respectfully yours,

Deputy of SD FA RF



A.I. LISITSYN

(Original of this text is in Russian.)