

CHAIRMAN OF THE BOARD

OPEN JOINT



STOCK COMPANY

“ATOMMASH”

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VOLGODONSK CITY
SEPTEMBER 5th 1995
№ 5-9-PAYA

To the SENIOR JUSTICE ADVISER,
PROSECUTOR OF VOLGODONSK CITY
OF ROSTOV REGION OF RF
MR. VOLITSKIY N.P.
347340, VOLGODONSK CITY
PR. STROITELEY, 3
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STATEMENT

DEAR SIR,

Being the Chairman of the Board of ATOMMASH OJSC, I am hereby addressing YOU as I am deeply concerned with the financial, economical and productive condition of ATOMMASH OJSC.

After having been elected as the Chairman of the Board in April 1995, I obtained certain access to the information which was carefully concealed from the shareholders - information about the unenviable, to say the least, position of ATOMMASH OJSC. And the recently revealed facts of squandering and embezzlement of valuable equipment and other property of ATOMMASH OJSC, as well as the activities of different LLPs created on the territories of ATOMMASH OJSC (consisting only of natural persons and established without involving ATOMMASH OJSC itself), destructive and undermining to the Company, urged me and most of the members of the Board of Directors (PROTOCOL № 5 from 31.07.1995) to institute respective commissions for the inspection of the property of ATOMMASH OJSC and its relations with the LLPs and other third parties located on the territories of the former, especially those which carried out their activities in parallel with the production of ATOMMASH OJSC, while the chief officer, chief accountant and chief specialist positions both in ATOMMASH and the said LLPs were occupied simultaneously by the same people. Unfortunately, it is currently impossible for us to obtain and analyze the documents of one of the biggest of such enterprises - “APP-1” LLP, as well as “ENERGOKOMPLEKT” LLP (Volgodonsk city), created by the chief executives - GOLOVIN A.I., KOKOULIN A.I., LEKAREV Y.V., POGORELOV V.M. and others, because the top management of “APP-1” LLP and “ENERGOKOMPLEKT” LLP strictly refused to provide the necessary documentation and because the documents of those LLPs were confiscated by the federal tax police of VOLGODONSK city.

Currently, initiated by the majority of the Board of Directors and primarily by me personally as the Chairman of the Board of ATOMMASH OJSC and the CEO of a RUSSIAN INDUSTRIAL HOLDING COMPANY “YACONTO” (MOSCOW) which owns the largest share of voting shares of ATOMMASH OJSC, a constructive process has been started for the establishment of drastic measures critically important to ATOMMASH

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OJSC, aimed at stabilization of its production, financial and economical condition and taking the Company out of the deep crisis which can potentially turn into a collapse of ATOMMASH, the unique and the largest specialized enterprise of nuclear energy, critically important to the State. However, this process has faced an evident opposition of destructive powers and certain echelons of executives which have spread a hysterical campaign of deceit and slander, aimed at disorientation of the team, employees, shareholders and different branches of state authorities.

From my point of view, two conflicting groups of highest executives have been established on ATOMMASH, opposing each other and, first and foremost, the interests of ATOMMASH OJSC itself: one is led by the EGOROV V.A., the President of ATOMMASH OJSC, and the other - by GOLOVIN A.I., the former Executive General Director of ATOMMASH OJSC who also happens to be one of the "behind the curtains" leader of the so-called "initiative group".

The group led by President EGOROV V.A. and Vice President for technical policy MOLCHANOV V.A. is reportedly connected with establishment and activity of companies like "PROSTOR" LLP, "ATOMTRUST" CJSC (VOLGODONSK city), joint Russian-Bulgarian enterprise "EUROTOUR" (supposedly MOSCOW city). It remains to be seen which roles were played by those people in the seizure and sale of property and most valuable equipment and utensils of ATOMMASH OJSC, including the attempt (intercepted by me) to dismantle and remove the allegedly already unused and sold unique carousel lathe, the initial cost of which was around 7 million foreign exchange rubles (or 10 million U.S. dollars) in mid 1980-s. The lathe, as far as we know, was planned to be sold through a front company in St.Petersburg for 600 thousand U.S. dollars to China, where an enterprise like ATOMMASH is being constructed rapidly in Shanghai. Practically all tool production facilities of ATOMMASH OJSC have been appropriated by one of the LLPs - in particular, through devaluation. The state of affairs in investment and credit space and the usage of earmarked funding received by ATOMMASH from the budget in particular are also worrisome.

The second group, led by GOLOVIN A.I. and his "éminence grise" KOKOULIN A.I., in parallel with its opponents, has created LLPs and other enterprises of its own, consisting of natural persons only and without involving ATOMMASH OJSC as a founder. "APP-1" LLP, "ENERGOKOMPLEKT" LLP (VOLGODONSK city), "METRAKOMBANK" and the previously mentioned Russian-Bulgarian enterprise "EUROTOUR" are a few of such enterprises. Situated on the territories of ATOMMASH OJSC, those companies processed profitable contracts on production and other services, including nuclear topics, keeping the profit and passing the expenses over to ATOMMASH. At the same time their LLPs appropriated assets of ATOMMASH OJSC. For example, even the recreation center "POPLAR GROVE" owned by ATOMMASH OJSC somehow ended up in the hands of "APP-1" LLP.

Activities carried out by those executives led to disruption of major contracts on nuclear engineering with Ukraine and China in 1993 - 1995.

There also existed a third power - different minor LLPs, small enterprises and rental businesses which, not participating in the struggle of the two major groups, also inflicted damage to ATOMMASH by covertly seizing the equipment, utensils, raw materials, tools and other property of ATOMMASH OJSC, stealing whatever they could.

Current situation requires drastic staffing changes in the top management of ATOMMASH OJSC, and most importantly, the leaders of two conflicting groups. ATOMMASH has healthy and proactive staff which is more than capable of taking over the executive power in ATOMMASH OJSC and establishing order in production, economical and financial spheres of ATOMMASH.

Delay in this issue is unacceptable, as it could lead to a repetition of the sad fate of "VOLGODONSK PLANT OF RADIO-ELECTRONIC EQUIPMENT" OJSC (VOLGODONSK city), where malevolent policy of the former executives (CHEREPOVICH Y.N., KULIKOV V.I., CHESSKIY S.V.), squandering of all earmarked loans, sale of the equipment and hasty and unjustified move out of the ROSOBORONPROM structure led to a collapse of the production and suspension of the business. The controlling interest in this enterprise is owned by YACONTO COMPANY (MOSCOW city)

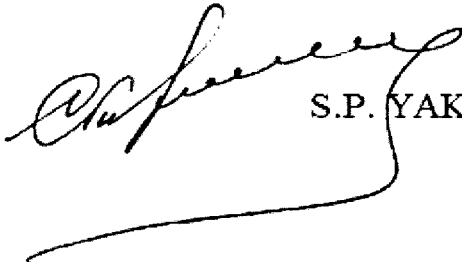
I am addressing YOU, dear sir Prosecutor, with an appeal to: Render prompt assistance to the control-analytical department of ATOMMASH OJSC and commissions for examination of the property of ATOMMASH OJSC and inspection of relations between ATOMMASH OJSC and various LLPs and other enterprises operating on the territories of ATOMMASH OJSC and the usage of its property; Provide all possible assistance to these commissions to ensure they are granted access to the necessary documents of the said LLPs and enterprises to compare those with the documentation of ATOMMASH OJSC and get a true picture of damage dealt to ATOMMASH OJSC by them and their executives; Enforce the Law that protects legal rights and property of thousands of shareholders of ATOMMASH OJSC and, above all, the employees of the company themselves.

In case if YOU need additional information and materials, please contact me directly or address the following executives of ATOMMASH OJSC who are always present on the enterprise:

1. Vice President for production policy, Vice Chairman IVANOV OLEG FEDOROVICH,
2. Vice President for marketing NEFEDTSEV VALERIY PETROVICH,
3. Director for economics and planning, Deputy of the Regional Duma MIROSHNIKOV VALENTIN VASILIEVICH,
4. Deputy Chief of the control-analytical department, Chairman of the Revision Commission FESCHENKO LUDMILA KONSTANTINOVNA.

RESPECTFULLY YOURS,

CHAIRMAN OF THE BOARD
OF ATOMMASH OJSC



S.P. YAKUNIN

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

President of YACONTO LLC



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