



**First  
Deputy Minister  
OF ATOMIC ENERGY  
OF RUSSIAN FEDERATION**

№ 03-2739 from 12.09.1996

Regarding the state of affairs  
on Atomash

To the:

General Director of the Federal Office for  
insolvency (bankruptcy) proceedings  
P.P. Mostovoy

First Deputy Minister of Finance of RF  
A.P. Vasiliev

First Deputy Minister of Economy of RF  
Y.M. Urinson

Head of Administration of Rostov region  
V.F. Chub

Chairman of the Federation of Trade  
Unions of Rostov region  
V.P. Voronin

According to the order of the Russian Government № OL-P7-28954 from August 13<sup>th</sup> 1996, Ministry of Atomic Energy of Russia has once again reviewed the state of affairs on Atomash OJSC and noted the following.

The "Plan of instituting external management for financial recovery of Atomash OJSC for the period of November 29<sup>th</sup> 1995 - May 29<sup>th</sup> 1997", introduced as of November 29<sup>th</sup> 1995 by the decision of the arbitrary court did not result in any stabilization of the situation as of 01.09.1996.

Accounts payable as of 01.07.1996 are 265715 million rubles, including arrears on wages - 18518 million rubles, while the volume of production for 8 months of 1996 is only 61279 million rubles.

Jobs are declining and social tensions on the plant and in Volgodonsk city are increasing.

At the same time, 30 % of the Company's shares owned by the state, of which 20 % are to be sold on an investment tender and 10 % are to be transferred to FARP, have not yet been sold.

Since the decision to resume the construction and engage the capacities of the Rostov nuclear power plant has not been made by the local authorities, the problem of reducing production costs via reduction of tariffs for electric power and heating supplied to Atomash OJSC cannot be solved.

Due to inaccuracies in the design and construction of the plant, significant deformation of the basement of buildings and structures persists.

In order to stabilize the financial condition of Atomash OJSC and revive the production and economical activity of the enterprise we hereby submit to you our proposals, so that we can jointly prepare an agreement and address the Government to get its support on the said topic.

1. Ministry of Atomic Energy of Russia, Ministry of Economy of Russia, Ministry of Finance of Russia, administration of Rostov region are to review in the IV-th quarter of 1996 the matter of resuming the construction of Rostov nuclear power plant and make the respective decision. If necessary, present the proposals to the Government.

2. Ministry of Economy of Russia and Ministry of Finance of Russia are to raise 200 billion rubles in 1997 - 1998 to resume the funding of the works to improve the serviceability of the buildings and constructions of Atomash OJSC.

3. Write off the debt on loans of Atomash OJSC owed to the Ministry of Finance of Russia which equals to 22 billion rubles, as well as respective interest and penalties as of 01.09.1996.

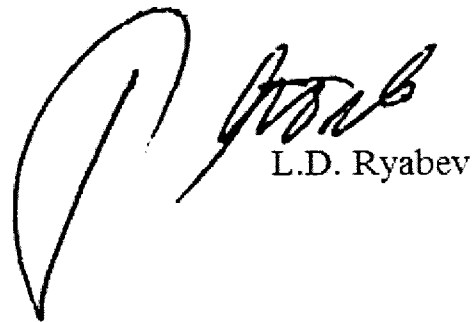
4. Release Atomash OJSC from paying all kinds of taxes to the federal and local budgets from 01.09.1996 to 31.12.1997.

Offer an installment plan (layaway) from 01.01.1998 to 31.12.2000 for the current accruals to the budgets of all levels.

5. Federal Agency for State Property Management, together with Federal Office for insolvency (bankruptcy) proceedings, Ministry of Atomic Energy of Russia, and the administration of Rostov region are to organize a commercial tender to sell the unsold 30 % shares of Atomash OJSC under investment conditions.

We ask you to submit your resolution on the above information and whatever additional suggestions to the Project of Resolution of the Government you may have, to the Ministry of Atomic Energy of Russia, Ministry of Finance of Russia, Federal Agency for State Property Management of Russia, Federal Office for insolvency (bankruptcy) proceedings, Administration of Rostov region and the Federation of Trade Unions of Rostov region.

First Deputy Minister of Atomic Energy  
of Russian Federation



L.D. Ryabev

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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.

President of YACONTO LLC



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