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IES
HOLDING

Press release

GAZEKS Holding Company Invests RUR550mln in Development of Gas Supply Systems in 2006

The GAZEKS holding company, part of the Russian company Integrated Energy Systems (IES-Holding) intends to invest approximately 550 million roubles to develop and maintain reliable operation of gas supply systems in Russia in 2006. Development of gas distribution grids at the level of the constituent subjects of the Russian Federation is an important prerequisite for improving the investment climate in the industry.

GAZEKS' investment programme for 2006 provides for investment in areas such as the construction and repair of gas distribution grids, heat supply facilities, and gas stations. The funds are allocated primarily to ensure trouble-free and uninterrupted gas supply to consumers in the regions where the company operates.

GAZEKS Investment Area	Investment Amount
Construction of New Gas Pipelines Length of pipelines totals 216 km. Approximately 50% of gas pipelines planned were built within the first six months of the year.	over 318 million roubles
Major Repairs of Gas Supply Systems	over 115 million roubles
Construction of New Facilities: <ul style="list-style-type: none"> - construction of a gas-fired boiler house with a capacity of 15.6 MW in the Novosibirsk Region. Start of operation scheduled for the fourth quarter of 2006 - construction of 10 gas stations in the Sverdlovsk, Irkutsk, and Chita Regions. 	114 million roubles, including: over 50 million roubles 64 million roubles

GAZEKS:

Gas distributing company –GAZEKS (part of IES-Holding) is involved in gas transportation and sales, operation and construction of gas supply facilities, ensures energy security and introduces energy saving technologies, builds multi-fuel filling stations and chains of centres for re-equipment of motor vehicles for work on gas.

The GAZEKS includes the following enterprises: OJSC Urals Gas Networks (in 2002 comprised nine gas distribution organisations in the Sverdlovsk Region), OJSC Chelyabinskgorgaz, OJSC Sibirgazservis, OJSC Irkutskoblgaz, OJSC Chitaoblgaz, and OJSC Kurganoblgaz. Since May 2006, the company has managed a number of Ukrainian gas distribution organisations: OJSC Dneprogaz (Dnepropetrovsk), OJSC Kharkovgorgaz (Kharkov), OJSC Krivorozhgaz (Krivoi Rog), and OJSC Donetskgorgaz (Donetsk).

IES-Holding

IES-Holding is one of the largest private companies operating in the power business, public utilities, and gas distribution. Today the main area of IES-Holding's power business is management of strategic stocks in a number of territorial generating companies (TGCs). IES represents shareholders' interests in TGC-9, TGC-6, and TGC-5. IES-Holding also manages stocks in RAO UES of Russia, OJSC Irkutskenergo, OJSC Yaiva State District Power Plant (GRES, part of Wholesale Generating Company No 4) and OJSC Serov GRES (part of WGC-2). The company owns 75% of shares in Russian Utility Systems company.

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