

EXPLANATORY NOTE

Re: “Examination of candidates to the position of the auditor of JSC IDGC Holding”

On 17.10.2008 JSC IDGC Holding took a decision to hold an extraordinary General Meeting of Shareholders on 30.12.2008, including with regard to the issue of “Approval of appointment of the Company’s Auditor”.

In compliance with clause 14.2 Article 14 of the Articles of Association of JSC IDGC Holding the Board of Directors recommends an Auditor of the Company to the General Meeting of Shareholders based on the results of a bidding procedure for selection of audit firms to run mandatory audit of JSC IDGC Holding. The bidding procedure is to be run in compliance with Federal Laws No. 119-FZ of 0.08.01 “On audit business” (as amended) and No. 94-FZ “On placement of orders for supply of goods, performance of works, and provision of services for government and municipal purposes” (as amended).

The bidding documentation for auditor selection was approved by JSC IDGC Holding in its decision No. 55 of 26.09.2008.

In compliance with the decision of the Central Purchase Committee of JSC IDGC Holding (MoM No. 2008/04-3 of 05.11.2008), the bidding procedure for mandatory audit of 2008 RAS financial statements was won by ZAO ENPI Consult that scored 8.11 points (please see extract attached).