

2005



American
Chamber of
Commerce in
Russia

ANNUAL REPORT





Our Mission

The Chamber's most important assets are its members. They are our clients, our workforce and our strength. Our mission is to promote the development of commercial relations between the Russian Federation and the international community. We seek constructive solutions to trade and investment problems, which protect and promote the legitimate common economic interests of our member companies. We do so with integrity and respect for our host country.

Contents

Chairman's Letter	2
President's Letter	3
Membership Statistics	4
Calendar of Events	5
Policy Work	5
Committees	9
Programs and Services	12
Chamber Communications	16
Board of Directors: Executive Committee	18
Board of Directors	19
AmCham Staff	20
St. Petersburg Executive Committee and Staff	21
AmCham Financials	22

Chairman's Letter



Trem Smith
President,
Chevron Neftegaz Inc.

Just as the Russian economy continues to post impressive annual growth rates, so too does the American Chamber of Commerce in Russia. Membership in the Chamber has grown over 600 percent since AmCham's founding in 1994 and now tops 800 corporate member companies. Once characterized by firms with operations solely in Moscow or St. Petersburg, members now represent companies with operations in two-thirds of Russia's regions. From blue-chips to small start-ups, growth has been realized across all membership categories since 1998.

As the Chamber has grown in size and complexity, it has developed and implemented a comprehensive set of policies and procedures to ensure appropriate corporate governance. Financial transparency and accountability are key AmCham values which are buttressed by an internal control system and an annual independent audit. Regular oversight by the board of directors' finance committee and strong executive leadership by management have netted AmCham consistently superior financial results in recent years, with 2005 its best year ever.

To provide members with an objective evaluation of Chamber finances, AmCham undergoes a financial review by an independent auditing firm every year. Once again in 2005, Alinga Consulting Group concludes that the Chamber's financial position and its operational results as reflected in its financial statements conform to generally accepted accounting principles in the U.S. The findings confirm the results as reported in AmCham's 2005 financial reports, which are included herein on pages 23 and 24 of this *2005 Annual Report*.

The board of directors of the American Chamber of Commerce in Russia will continue to enhance its policies to maintain continuing financial strength and transparency. Adherence to solid corporate governance principles will allow AmCham to continue to deliver results that its members have come to expect.

President's Letter

In 2005, AmCham further enhanced its approaches to advocacy, member relations and external communications to be even more innovative, efficient, results-oriented and impactful.

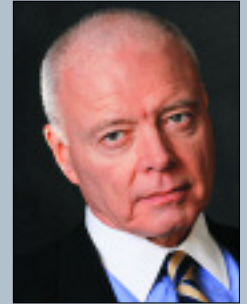
We initiated a series of policy roundtables designed to share with Russian government policymakers, administrators and law enforcement officials concrete U.S. regulatory experience in crucial areas under review by the Russian government: foreign direct investment (FDI) regulation, intellectual property rights (IPR) enforcement and encryption export restrictions. Policy roundtable presentations by respected U.S. experts and the ensuing engagement with high-level Russian officials were highly focused, substance-driven and candid. The aim was to enable Russian specialists to collect factual information and draw their own conclusions about the compatibility of U.S. practices with Russian market realities and regulatory objectives.

As a follow up to the roundtable on U.S. FDI regulation, we commissioned a report which was published and distributed to relevant Russian policymakers early this year. In 2006, we are building on our successful 2005 initiative, starting with a roundtable on the role of mathematical models and scientific data in developing economic and trade policy.

In 2005, we also laid the basis for two major initiatives geared towards better communication and operational efficiency. First, we began developing a customer relationship management (CRM) system, which will come into full effect in the summer of 2006. The introduction of CRM was driven by the success of AmCham: Our membership continues to grow as the scope and diversity of our services expand. A more refined use of information technologies will allow us to better respond to the needs and expectations of our members, better target our communications and make our daily operations more efficient.

Second, in 2005 we began upgrading the AmCham website to improve its visual appeal, content and technical capabilities. Following its launch in the spring of 2006, the new site will feature a wealth of information and analysis on the Russian market provided by experts from our member companies. Additionally, the site's technical improvements will make navigation more user-friendly, allow for quicker load times, and feature online registration and video download capabilities.

In 2006, these initiatives will underpin our constant drive for innovative approaches to deliver an ever higher return on the membership fee investment.



Andrew B. Somers
President, American
Chamber of Commerce
in Russia



Membership

From a small business group formed in early 1994 of no more than 130 companies, the American Chamber of Commerce in Russia has developed into the largest and most influential foreign business association in the country, with over 800 member companies in Moscow and St. Petersburg. Since its founding, the Chamber has placed an emphasis on retaining members through targeted programming while attracting new companies. This has been a major factor in AmCham's steady growth throughout the years, resulting in an over 600 percent increase in membership during the past 11 years.

Celebrating another successful year, AmCham membership surpassed 800 in 2005 and reached 809 – 126 member companies in St. Petersburg and 683 in Moscow.

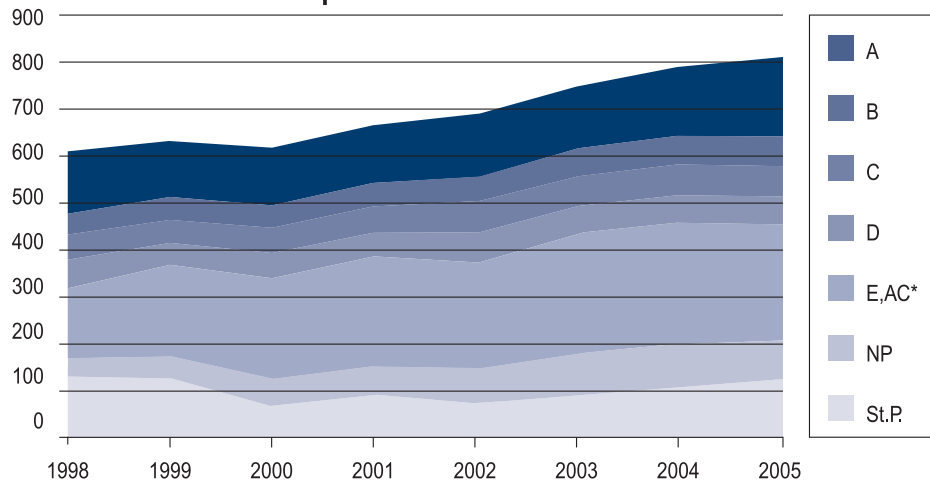
Number of Chamber Members by Size (Moscow)

Category*	1998	1999	2000	2001	2002	2003	2004	2005
A	129	120	125	126	133	135	148	160
B	45	49	48	48	54	63	63	62
C	54	50	56	58	68	62	65	68
D	60	50	52	53	66	59	61	58
E, AC	152	193	219	237	227	258	261	251
NP	41	48	55	61	73	89	93	84
TOTAL	481	510	555	583	621	666	691	683

Total Membership (Moscow and St. Petersburg)

Category*	1998	1999	2000	2001	2002	2003	2004	2005
A	129	120	125	126	133	135	148	160
B	45	49	48	48	54	63	63	62
C	54	50	56	58	68	62	65	68
D	60	50	52	53	66	59	61	58
E, AC	152	193	219	237	227	258	261	251
NP	41	48	55	61	73	89	93	84
St. Petersburg	131	129	70	92	76	93	108	126
TOTAL	612	639	625	675	697	759	799	809

Moscow Membership Growth 1998 – 2005



*Membership By Category

Corporate A	More than \$1 billion in annual gross revenues
Corporate B	\$100 million to \$1 billion in annual gross revenues
Corporate C	\$10 million to \$100 million in annual gross revenues
Corporate D	\$2 million to \$10 million in annual gross revenues
Corporate E, AC⁺	Less than \$2 million in annual gross revenues
Non-Profit	Nongovernmental organizations

*Associate Corporate (not located in Russia)

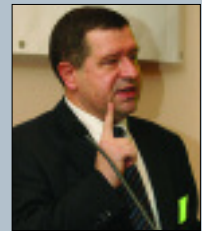
January 2005

31 Business After Hours at the Ararat Park Hyatt Moscow

February 2005

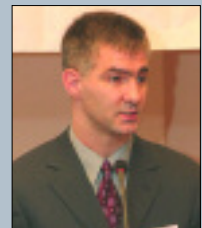
8 AmCham Energy Committee meeting with **Torsten Wöllert**, First Secretary, Delegation of the European Commission to Russia

10



High-Profile Speaker Series event featuring **Leonid Lozbenko**, Deputy Head, Federal Customs Service

11



High-Profile Speaker Series event featuring **Michael Hazel**, Chief, Non-Immigrant Visa Unit, U.S. Embassy

15

Senior Executive Breakfast Roundtable

22



High-Profile Speaker Series event featuring **Boris Titov**, Chairman, Business Russia Association

Policy Work

Policy work is the Chamber's main vehicle in advocating the interests of its member companies. Consistent with AmCham's ROI business model, policy priorities in 2005 ranged from assisting individual members in resolving concrete problems to creating a fair playing field in Russia for international business through the advancement of administrative and legislative reforms and protection of property rights.

Government Relations – Russia

Through input, analysis and recommendations, AmCham continued to effectively engage in a constructive and results-oriented dialogue with the Russian government on areas critical for the private sector. Nearly two dozen representatives from various ministries, agencies and services met with AmCham members throughout 2005, covering such topics as the government's short-term plans for Russia's economic development, proposed subsoil law legislation, the creation of special economic zones, the strengthening of antimonopoly legislation, and changes to taxation and customs codes. Through these meetings, AmCham also provided its members with opportunities for direct dialogue with government officials and kept members abreast of proposed and enacted legislative changes to quickly and effectively address those adversely impacting members' business interests.

Policy Roundtable Series



American Chamber of Commerce in Russia President **Andrew Somers** (center) opens the Oct. 7 Policy Roundtable Series event on foreign direct investment with FDI experts (right) **David Marchick**, an attorney with Covington & Burling Law Firm, and (left) **Edward Graham** of the Institute for International Economics.

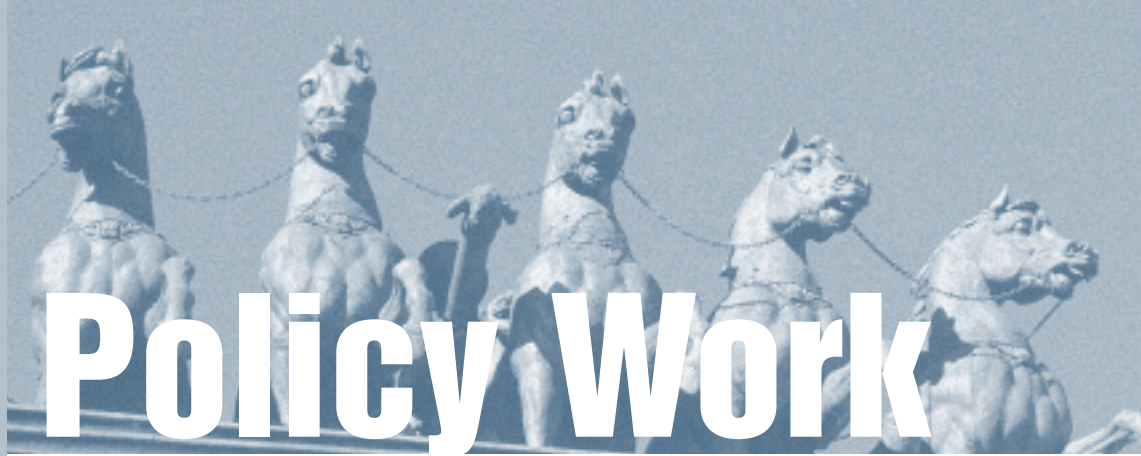


Deputy Minister of Economic Development and Trade **Andrei Sharonov** explains the Russian perspective on foreign direct investment during the Policy Roundtable Series event as **Elvira Nabiullina**, president of the Center for Strategic Research, listens. AmCham and the Center for Strategic Research co-hosted the event.

In 2005, the Chamber launched a new initiative, the Policy Roundtable Series. The series features roundtable discussions on specific topics to share models and experience addressing major commercial issues of interest to both Russia and the United States. AmCham hosted four such events throughout the year to promote dialogue on regulation of encryption technology, protection of intellectual property rights and development of investor-friendly but effective foreign direct investment rules. The roundtables drew top government officials and leading business executives from both the Russian and American sides and provided opportunities for the frank discussion of shared interests.

March 2005

- 4** High-Profile Speaker Series event featuring **Mikhail Kasyanov**, Former RF Prime Minister and Founder/Co-Owner of MK Analytica Consulting
- 17** Senior Executive Breakfast Roundtable
- 21** AmCham Customs & Transportation Committee meeting with **Natalia Kravtsova**, Head, Customs Payments Division, Federal Customs Service
- 22** Business After Hours at Santa Fe restaurant
- 29** Sixth Annual Investment Conference with **Igor Shuvalov**, Aide to the President of the Russian Federation; **Peter Charow**, President, BP Russia; **Bob Dudley**, President and CEO, TNK-BP; **Andrey Goltsblat**, Managing Partner, Pepelyaev, Goltsblat & Partners; **Sergey Nedoroslev**, Chairman of the Board of Directors, Kaskol Group of Companies, and Deputy General Director for Strategic Development of Sheremetyevo Airport; **Charles Ryan**, Chairman of the Board of Directors, United Financial Group; **Andrew Somers**, President, American Chamber of Commerce in Russia; **Alexander Vershbow**, U.S. Ambassador to the Russian Federation; **Oleg Viugin**, Head of the Federal Service for Financial Markets; and **Evgeny Yasin**, Director, The Expert Institute



Policy Work

Government Relations – U.S.

Washington Door Knock Mission



The AmCham delegation, led by AmCham President Andrew Somers, met with U.S. Secretary of Commerce Carlos Gutierrez while in Washington.

Throughout 2005 AmCham President Andrew Somers regularly met with top officials in Washington to keep them informed of positions of U.S. business on developments in Russia. In April 2005 Somers led a delegation of top U.S. executives based in Russia to Washington, D.C., for two days of meetings at the White House; U.S. Departments of Energy, Commerce, State, Agriculture and the Treasury; the National Security Council; the USTR; the U.S. Export-Import Bank and the U.S. Senate. The delegation carried a compelling message to U.S. policy makers, emphasizing tremendous opportunities available and outstanding success already achieved by American businesses in Russia.

AmCham also continued to function as an expert resource to the U.S. government on many issues relevant to the business climate in Russia. The Chamber hosted Secretaries of Commerce, Energy and Health & Human Services, as well as senior officials of the National Security Council at meetings with business leaders in Moscow. AmCham also held a series of briefings with visiting U.S. congressional delegations and provided input to the U.S. government on international trade issues, such as Russia's WTO accession, its energy policy and IPR enforcement efforts.

Sector-Specific Activities

Energy



Samuel Bodman, U.S. Secretary of Energy

AmCham hosted a visit by U.S. Secretary of Energy Samuel Bodman in May 2005. In meetings with top executives from AmCham's energy exploration and extraction companies, Bodman heard candid and balanced assessments of the current energy environment in Russia. Despite some frustrations with an overall lack of recent progress in the bilateral commercial energy relationship, private-sector leaders expressed general confidence that progress would be made. Russian and American participants in the Commercial Energy Dialogue reaffirmed the mechanism designed to improve commercial energy relations between Russia and the U.S. at a steering committee meeting on Nov. 15 to finalize a report to Presidents George W. Bush and Vladimir Putin. The CED received renewed impetus after Presidents Bush and Putin identified this bilateral energy dialogue as a priority following their Feb. 24 summit in Bratislava, Slovakia. CED Co-Chairs Andrew Somers, president of the American Chamber of Commerce in Russia, and Aleksandr Shokhin, president of the Russian Union of Industrialists and Entrepreneurs (RSPP), have been pushing the dialogue forward, with the awareness that it can play a central role in the St. Petersburg G-8 Summit in July 2006.

April 2005

2 Annual Membership Meeting and 11th Annual Awards Dinner at the Marriott Aurora Hotel



6 High-Profile Speaker Series event featuring **German Gref**, Minister of Economic Development and Trade

6-8 Trade Mission to Krasnoyarsk

20 CEO Forum with **Michael Fister**, President and CEO, Cadence Design Systems Inc.

20 Senior Executive Breakfast Roundtable

23 7th Annual MBA Case Competition

26-27 Door Knock Mission to Washington, D.C.

Healthcare



Michael O. Leavitt, U.S. Secretary of Health & Human Services

On June 15 the American Chamber of Commerce in Russia sponsored a breakfast with U.S. Health & Human Services Secretary Michael O. Leavitt. During the breakfast meeting, attendees discussed a range of issues facing Western pharmaceutical and medical devices companies working in Russia. AmCham members emphasized their desire to see procedures governing the Russian healthcare sector made fair and transparent and laws protecting intellectual property rights strengthened.

AmCham, through its Healthcare Committee, also provided extensive input into proposed changes to the Law on Medicine, which would have prohibited doctors from using the brand names of drugs when writing prescriptions and would have imposed non-transparent government price controls.

Information and Communications Technology (ICT)

AmCham's IT & Telecommunications Committee continued to play a leading role throughout 2005 in addressing issues critical to the industry's development in Russia. Committee members in both Moscow and St. Petersburg provided in-depth commentary to improve legislation adopted during the summer of 2005 establishing the framework for the creation of special economic zones and technology parks. Committee members have also been actively involved in discussions of draft encryption product import regulations with Russian government officials.

Customs

AmCham enjoys a close institutional relationship with Russian customs officials, allowing the Chamber to quickly relay opinions, complaints and recommendations from its member companies on improving customs regulations. At the invitation of the Federal Customs Service, the Chamber and its members continue to play an active role in monitoring the implementation of the 2004 Customs Code to ensure that "trade promotion" objectives of this key piece of legislation receive the same priority as "budget revenue" ones. Among the many examples of specific input, AmCham submitted extensive commentary on proposed pre-shipment inspection requirements.

Taxation



Sergey Shatalov, Deputy Minister of Finance



Stanislav Voskresensky, Deputy Head, Presidential Experts Directorate

Tax treatment of businesses in Russia remains one of the key priorities for the Chamber, including both taxation rates and administration procedures. Coming to the defense of companies whose bottom lines were put at risk by a Supreme Court ruling involving local tax concessions in Leningrad Oblast, AmCham helped restore at-risk revenues by forcefully defending the legitimate business interests of its members in the matter. Additionally, on Sept. 23 AmCham hosted its annual Tax Seminar, which featured keynote addresses by Sergey Shatalov, deputy minister of Finance, and Stanislav Voskresensky, deputy head of the Presidential Experts Directorate.

Policy Work

Events

May 2005

12



AmCham meeting with David Everitt, President of Deere & Company's Agricultural Division - Europe, Africa and the Middle East

18



Regional Briefing with Viktor Shershunov, Governor of Kostroma Oblast

18

Business After Hours with Uley Catering and Conference and Business Service

24



U.S.-Russia Commercial Energy Dialogue meeting featuring Samuel Bodman, U.S. Secretary of Energy

24



High-Profile Speaker Series event featuring Yuri Trutnev, Minister of Natural Resources

31

High-Profile Speaker Series event featuring Carlos Gutierrez, U.S. Secretary of Commerce

Annual Investment Conference



Igor Shuvalov, Aide to the President of the Russian Federation



Charles Ryan, CEO and Chairman, UFG



Alexander Vershbow, U.S. Ambassador to Russia



Oleg Viugin, Head, Federal Service for Financial Markets



Peter Charow, President, BP Russia



Sergey Nedoroslev, Deputy General Director, Strategic Development of Sheremetyevo Airport



Andrey Goltsblat, Managing Partner, Pepelyaev, Goldsblat & Partners



Bob Dudley, President and CEO, TNK-BP

Bringing together more than 250 Russian and international business leaders and government officials, as well as more than 60 media representatives, the 6th Annual AmCham Investment Conference served as an opinion-leading forum for discussion and debate on Russia's developing market economy and progress in creating an investment-friendly environment. Featuring a keynote address by Presidential Aide Igor Shuvalov, who spoke on FDI and Russia's G-8 membership, the conference also highlighted issues ranging from corporate social responsibility to the rule of law, and from updates on domestic financial markets to IPR enforcement. As always, delegates received a copy of the *Economy and Investment Climate in Russia*, an insightful annual analysis of the previous year's events and their immediate and long-term impact on the investment climate. The report was jointly prepared by AmCham, Ernst & Young and the Expert Institute of the Russian Union of Industrialists and Entrepreneurs (RSPP).

Policy Papers

In 2005 the Chamber produced and distributed a range of policy papers, including the *Economy and Investment Climate in Russia*, position papers and expert opinions on sector-specific issues. AmCham and its member companies were also actively involved in developing policy papers with other respected organizations. Made available to AmCham members, U.S. and Russian government officials, business organizations and media, AmCham policy papers not only serve as an effective advocacy tool, but also promote the position of the Chamber's members on the most critical issues pertaining to the investment climate in Russia.

Policy Work

June 2005

Committees

The Chamber's 17 committees provide forums to exchange information and opportunities to consolidate opinions on business issues of concern to members. Of the Moscow headquarters' committees, eight are industry specific and nine address issues that transcend sectors. Each committee holds regularly scheduled meetings at which members discuss the latest legislative, economic and political developments affecting business interests. Most meetings feature a guest speaker from the business community or Russian government, who can speak authoritatively on the issue at hand or present a new subject. Committees also regularly produce and update industry position papers. Prepared by committee members, these papers give first-hand accounts of the state of a particular industry from the perspective of some of its leading participants.

Aerospace

The Aerospace Committee promotes the interests of U.S. aerospace companies through advocacy, cooperative activities and information exchange with Russian governmental agencies and the country's aerospace industry. The committee has been active in addressing issues related to investing in Russia's aerospace industry, bilateral trade in aircraft, export controls, aircraft finance vis-à-vis the Cape Town Convention, and the role of Western companies in the reform and consolidation of Russia's aerospace industry. The Aerospace Committee is a partner with the U.S. and Russian governments in the Russian-American Business Dialogue's Commercial Aerospace Working Group, a public-private dialogue to improve the business climate for joint aerospace projects.

Capital Markets & Financial Services

The Capital Markets and Financial Services Committee brings together industry leaders each month to track developments in Russia's financial markets. The committee follows market developments, government initiatives and policies, and new and amended legislation. Areas covered include: banking, capital markets, insurance, investment management and pension reform.

Customs & Transportation

The Customs & Transportation Committee discusses a range of issues relevant to its members. It collects and disseminates information to members on customs clearance procedures. It also closely follows tariff regulations and discusses changes in Russian customs legislation. The committee facilitates a dialogue between Chamber members and officials from the State Customs Committee and State Duma. In 2005, the committee continued monitoring implementation of the 2004 Customs Code, focusing on simplified procedures and IPR. It continues to provide U.S. and Russian government officials, relevant RF Duma committees and American and Russian business associations with feedback on customs legislation and practices, especially with respect to IPR protection.

Energy

The Energy Committee holds monthly meetings to discuss issues of concern to AmCham members involved in all aspects of energy exploration, generation and distribution. The committee pays particular attention to the interrelations between Russian policy and the exploitation of natural resources, especially with regard to the passage and amendment of energy-related legislation impacting foreign investors. In addition, Energy Committee members continue to be active in the U.S.-Russian Commercial Energy Dialogue. In May 2005, committee members met with U.S. Secretary of Energy Samuel Bodman.

1



Russian-American Business Dialogue meeting featuring Carlos Gutierrez, U.S. Secretary of Commerce, and German Gref, Minister of Economic Development and Trade

3



AmCham meeting with Bob Dole, Former U.S. Senator and Presidential Candidate

10

AmCham Customs & Transportation Committee meeting with Vasily Slobozhanov, Deputy Head, Department of Special Techniques and Automation of Customs Technology, State Customs Committee

15



AmCham meeting with Michael O. Leavitt, U.S. Secretary of Health & Human Services

Events

- 17 Annual AmCham Human Resources Committee's HR Conference
- 22 Business After Hours at Gandhara restaurant
- 27 AmCham, along with the U.S. Commercial Service and the U.S. Department of Commerce, introduce the Russian-language edition of *The Business Ethics Manual*



High-Profile Speaker Series event featuring **Viktor Pleskachevsky**, Chairman, State Duma Committee on Property

July 2005

- 1 Regional Briefing with **Viktor Kress**, Governor of Tomsk Oblast
- 2 11th Annual U.S. Independence Day Celebration



High-Profile Speaker Series event featuring **Andrei Sharonov**, Deputy Minister of Economic Development and Trade



Committees

Enterprise Development

The Enterprise Development Committee promotes the interests of small- and medium-sized companies in Russia. The committee advises the SME community in areas such as advertising, business development, human resources and legal and tax services.

Environment

The Environment Committee acts as a bridge between Russian lawmakers and the American business community in Russia. The committee was formed to proactively respond to anticipated legislative actions on environmental practices and procedures in the Russian Federation. The committee also works closely with Russian and international regulatory bodies to promote sustained, effective environmental standards and practices.

Healthcare

The Healthcare Committee works toward the development of a transparent, efficient and non-discriminatory market for pharmaceuticals, medical equipment and healthcare services in Russia. The committee acts as a unified voice in promoting the interests and concerns of its members, offering input on Russian healthcare legislation, certification regulations, IPR protections, customs codes, taxation issues and WTO accession. The committee works to create a mechanism for dialogue with officials from the Russian Ministry of Health and other interested governmental agencies through forums such as the Russia-U.S. Interagency Cooperation Council on Harmonization in the Healthcare Sector in order to influence healthcare reform. In June 2005, committee members met with U.S. Secretary of Health & Human Services Michael O. Leavitt during his visit to Moscow.

Human Resources

Human Resources Committee meetings are devoted to the exchange of ideas and information related to the development and management of human resources in Russia. The practical experience of committee members is frequently drawn upon as a basis for presentations and discussions. The committee also prepares commentary on legislation such as the labor code and tax and local regulations affecting HR management. In 2005, the committee organized its 7th Annual MBA Case Competition among leading Moscow business schools.

Information Technology & Telecommunications

The IT&T Committee is focused on activities that promote bilateral trade and investment in the IT and telecommunications industries in Russia, and participates in events which foster closer relations between the United States and Russia in these spheres. Activities include leading ICT roundtable activities on behalf of the Chamber and working with Russian governmental and regulatory agencies to provide commentary and reports on policy issues such as the E-Russia program, the law on telecommunications, VAT recovery on software exports and E-government. The committee also undertakes activities to promote the business of member companies, holding events in Russia and the U.S. to allow members to build partnerships. In 2005, the committee actively provided input into draft legislation for the creation of technology parks and special economic zones.

Investment

The Investment Committee focuses its programs on legislative, political and social factors influencing investment in Russia. In 2005, the committee met with Sovlink Securities' chief strategist to discuss the impact on business of the Yukos affair, with Standard & Poor's director of Corporate Governance Services in Russia to discuss measuring Russian companies' corporate governance performance, and with the CEO of United Financial Group to hear more on the coming of age of Russia's equity capital markets.

Leasing

The Leasing Committee's mission is to facilitate the development of the leasing industry in Russia by improving the tax, legal and customs environment for both Russian- and foreign-based leasing through commenting on proposed legislation, holding seminars and discussions between industry and government, and disseminating information on leasing to interested parties.

Marketing

The Marketing Committee represents advertising and media interests in Russia. The committee seeks to educate members on various marketing and advertising issues in Russia and serves as a unified voice and advocate of the industry as a whole, making recommendations to Russian legislators.

NGO-Corporate Partnership

The NGO Corporate Partnership Committee was created to help for-profit members overcome internal and external barriers to corporate philanthropy in Russia and to help NGOs and charity members collectively address their common problems. The committee provides a forum for organizations and companies within both the nonprofit and corporate sectors to exchange information and address global issues relevant to this important sector of Russian society. The committee also furthers the Chamber's educational mission to raise awareness of charitable activities in Russia. In 2005 the committee changed its name to emphasize the need for corporations to participate alongside charitable organizations. It also provided commentary to both Russian and American parties on the impact of the "NGO Law" adopted by the Russian legislature in late 2005.

Real Estate & Construction

The Real Estate & Construction Committee monitors the development of opportunities for private investment in Russia's real estate and construction markets. Meetings often feature presentations by companies which have successfully carried out significant projects in Russia. The committee prepared commentary on proposed legislation and was actively involved in discussions regarding the land code.

Security

The Security Committee meets regularly to monitor and discuss security risks associated with political and economic developments. The committee collects the knowledge and best practices of members and shares them with others to ensure the security of employees, business continuity and appropriate responses in emergency situations. The committee works closely with other committees to organize joint meetings with Russian authorities on business-related security issues.

Taxation

The Taxation Committee meets the needs of AmCham members in several ways. It serves as a source for the latest information on Russian tax legislation, regulation and implementation, both at its regular monthly meetings and at seminars on significant new legislation. The committee also serves as the primary link to Russian tax authorities from the Ministry of Finance and the Ministry of Taxes and Duties on issues of concern to AmCham members. The committee strives to exert a positive influence on the legislative and regulatory processes critical to the development of the Russian tax system by meeting with legislators and other government officials, and providing detailed commentary on pending tax legislation and regulation. In 2005, the committee held its annual tax seminar, which drew nearly 200 participants.

Technical Regulations

The Technical Regulations Committee monitors the reform of technical regulations in Russia. The new legislation *On Technical Regulation* encompasses more than 400 new laws covering all industries and should be implemented over the next seven years. Committee members meet to discuss new approaches to conformity assessment of products. The committee reviews proposed legislation and offers commentary to legislators and also interprets and explains new legislation in the field.

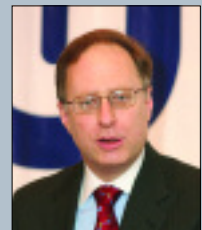
7 CEO Forum with **Kenneth I. Chenault**, Chairman and CEO, American Express Company

15



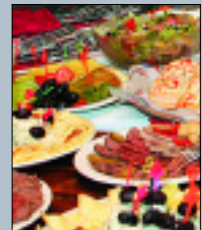
U.S.-Russia Commercial Energy Dialogue event featuring **David Parker**, President, American Gas Association

15



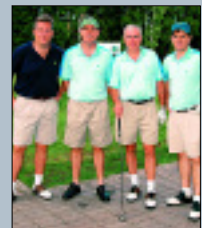
High-Profile Speaker Series event featuring **Alexander Vershbow**, U.S. Ambassador to the Russian Federation

26



Business After Hours at the American Bar & Grill

29



8th Annual AmCham Golf Tournament

Committees

Events

August 2005

25



AmCham meeting with **Ronald Waters**, Chief Operating Officer, Wrigley Company

26



AmCham meeting with **Chuck Hagel**, U.S. Senator (R.-Neb.)

29

Business After Hours at Vysotka Club

September 2005

17

4th Annual AmCham Soccer Cup

20

AmCham Energy Committee meeting with **Dale Rollins**, CEO, Salym Petroleum Development N.V.

21

AmCham Customs & Transportation Committee meeting with **Mike Lane**, Former Deputy Head, U.S. Customs Service

Programs and Services

The Chamber offers a wide range of programs and services linking its members to an unparalleled network of business and government contacts. With an eye toward helping member companies protect and expand revenues, the American Chamber of Commerce in Russia organizes conferences, seminars and forums, featuring many of the most influential players from the private and public sectors in Russia and the United States. Additionally, the Chamber also conducts a number of social events, including annual sports tournaments, awards ceremonies and the largest Independence Day celebration outside the United States.

Regular Programs

AmCham Russia CEO Forums



Michael Fister
Cadence Design Systems



Kenneth I. Chenault
American Express



John P. Jones III
Air Products and Chemicals



John J. Mack
Morgan Stanley



Vladimir Yakunin
RZD

Launched in February 2004, AmCham Russia CEO Forums are designed to facilitate dialogue between high-level Russian and international executives and to enhance Russia's profile as a prime investment destination. The forums are roundtables featuring visiting CEOs of global corporations and select corporate leaders in Russia. During 2005, five CEOs participated in the series (in order of appearance): **Michael Fister**, President and CEO, Cadence Design Systems Inc.; **Kenneth I. Chenault**, Chairman and CEO, American Express Company; **John P. Jones III**, Chairman, President and CEO, Air Products and Chemicals Inc.; **John J. Mack**, Chairman of the Board and CEO, Morgan Stanley; and **Vladimir Yakunin**, President and CEO, Russian Railways (RZD).

Senior Executive Breakfast Roundtables



Providing leading executives from member companies with top-notch networking opportunities with fellow corporate leaders, AmCham President Andrew Somers hosted four informal breakfast roundtables in 2005 with member companies' leading managers, financial directors and legal advisors. Limited to no more than 20 participants, these gatherings not only promote improved communication among members, but also provide participants an opportunity to give direct feedback on areas they view as critical to the success of Chamber policy initiatives and operations.

Regional Briefings

Two governors addressed AmCham members as part of 2005's Regional Briefings – Viktor Shershunov, governor of Kostroma Oblast, and Viktor Kress, Governor of Tomsk Oblast. Accompanied by their economic advisors, the governors provided AmCham members direct access to top regional policymakers interested in improving local investment climates.



Viktor Shershunov



Viktor Kress

Trade Missions

Two Trade Missions were held in 2005. On April 6-8, a delegation of AmCham members traveled to Krasnoyarsk to explore its business climate. And, on Dec. 8-9, AmCham members on a Trade Mission to Perm Krai were among the first foreign official delegations welcomed to the territory after the union of Perm Oblast and Komi-Perm Autonomous Okrug on Dec. 1.

High-Profile Speaker Series

Policy makers from both the Russian Federation and the U.S. used platforms provided by the American Chamber of Commerce in Russia to communicate directly with Moscow's international business community. In 2005, 16 business and political leaders addressed the Chamber as part of AmCham's High-Profile Speaker Series. From Minister of Economic Development and Trade **German Gref** and Minister of Natural Resources **Yuri Trutnev** to U.S. Secretary of Commerce **Carlos Gutierrez** and U.S. Ambassador to the Russian Federation **William J. Burns**, speakers addressed many of the year's most topical questions, including those on trade, energy and WTO membership for Russia.

Business After Hours



Taking advantage of the networking opportunities provided by Business After Hours events, over 1,000 members attended the eight receptions hosted by member businesses and local firms throughout 2005. Hosting organizations included the Ararat Park Hyatt Moscow, Santa Fe restaurant, Uley Catering and Conference & Business Service, Gandhara restaurant, the American Bar & Grill, Vysotka Club, the Hotel Baltshug Kempinski Moscow and the Holiday Inn Moscow Lesnaya.

21 Business After Hours at the Hotel Baltshug Kempinski Moscow

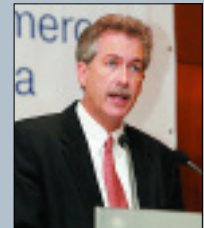
22



AmCham meeting with **John Edwards** (above), Former Senator and Vice Presidential Candidate, and **Jack Kemp** (below), Former Congressman, Housing and Urban Development Secretary and Vice Presidential Candidate



22



High-Profile Speaker Series event featuring **William J. Burns**, U.S. Ambassador to the Russian Federation

23

AmCham Annual Tax Seminar, featuring **Sergey Shatalov**, Deputy Minister of Finance, and **Stanislav Voskresensky**, Deputy Head, Presidential Experts Directorate

Programs and Services

Events

October 2005

4



AmCham meeting with **Tony Wayne**, Assistant Secretary, Bureau of Economic and Business Affairs, U.S. State Department

6

Senior Executive Breakfast Roundtable

7

Policy Roundtable Series on FDI, featuring **Edward Graham**, Institute for International Economics, and **David Marchick**, Attorney, Covington & Burling Law Firm

13

CEO Forum with **John P. Jones III**, Chairman, President and CEO, Air Products and Chemicals Inc.

20



AmCham NGO-Corporate Partnership Committee meeting with **Jerry Greenfield**, Co-founder and Vice Chair of the Board, Ben & Jerry's

21

CEO Forum with **John J. Mack**, Chairman of the Board and CEO, Morgan Stanley

28

AmCham meeting with Motorola executives

Programs and Services

Annual Events

Annual Awards



Ice sculptures and spring flowers helped set the stage for AmCham's 11th Annual Membership Meeting and Awards Dinner held on April 2. Following a general membership meeting, 260 guests enjoyed a formal dinner followed by performances by pianist Yuri Rozym, pop singer Sergei Penkin, Bolshoi Theater tenor Vladimir Redkin and dance troupe Raduga Vishnu. Winners of prestigious AmCham Awards included: Ian MacDonald of the Caspian Pipeline Consortium – R and Gerald Rohan of PricewaterhouseCoopers (Co-Chairs of the Year), Jim Balaschak of Deloitte (Chamber Member of the Year), Citibank (Company of the Year), Helen Yarmak (Small Business of the Year) and Patricia Coherty of Delta Private Equity Partners (Businessperson of the Year).

Golf



Golfers teed off at AmCham's 8th Annual Golf Tournament, held at the exclusive Le Meridien Moscow Country Club on July 29. The four-man team from DeGolyer and MacNaughton prevailed over competitors to claim the coveted trophy for 2005, beating out 25 other teams. Diema's Dream, a local NGO working with disabled Russian orphans, was the recipient of tournament mulligan sales. AmCham expresses its thanks to Deloitte's Jim Balaschak for his organizational efforts.

Soccer

Business rivals squared-off against once another on the playing field as the Chamber held its 4th Annual AmCham Soccer Cup at Dinamo Stadium on Sept. 17. Thirty-six teams from Chamber member companies braved intermittent showers to battle for the coveted AmCham Cup and accompanying bragging rights. PricewaterhouseCoopers emerged the 2005 victor.



U.S. Independence Day Celebration

AmCham's 11th Annual Independence Day celebration, held at Kuskovo Estate in Moscow, attracted more than 10,000 expatriates and Russians. Master of Ceremonies Vasily Strelnikov entertained guests and orchestrated the day's activities, which included musical performances by headline band UmaTurman. The celebration is the largest Independence Day celebration outside the United States.



Annual AmCham Holiday Party

As part of a star-studded celebration of the domestic film industry, Russian movie stars and directors graced the red carpet at the Annual AmCham Holiday Party, entitled "AmCham Night at the Movies." Held on Dec. 3 at the Marriott Grand Hotel, the gala event included recognition of six actors and directors who have achieved success not only at home, but in international markets. Honorees included Nikita Mikhalkov, Vladimir Menshov, Ekaterina Rednikova, Irina Apeksimova, Mikhail Gorevoy and Anna Tsukanova. Nearly 300 members of the American Chamber of Commerce in Russia were on hand as the luminaries of the screen accepted their honors as part of the evening's festivities. In addition to the evening's recognition ceremonies, stars and Chamber members were treated to a sumptuous four-course dinner and an energetic, roof-raising performance by Sky High Band.



Nikita Mikhalkov



Vladimir Menshov



Ekaterina Rednikova



Irina Apeksimova



Mikhail Gorevoy



Anna Tsukanova

Member Services

Chamber member companies gained exposure for their products and services via exclusive sponsorship of events throughout the year and through marketing and advertising opportunities in the Chamber's publications, *AmCham News* and *Annual Membership Directory*. Companies also spotlighted their products and services by sponsoring major events such as the Annual Independence Day Celebration, sporting competitions, the Annual Awards Dinner, conferences, speakers and roundtables.

28



High-Profile Speaker Series event featuring **Igor Artemyev**, Head, Federal Antimonopoly Service

November 2005

2

Business After Hours at the Holiday Inn Moscow Lesnaya

11

CEO Forum with **Vladimir Yakunin**, President and CEO, Russian Railways (RZD)

15

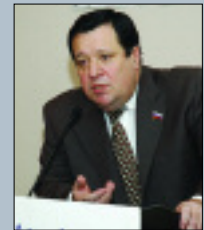
U.S. Russia Commercial Energy Dialogue Steering Committee meeting

17



High-Profile Speaker Series event featuring **Steven Fries**, Acting Chief Economist, EBRD

25



High-Profile Speaker Series event featuring **Andrei Makarov**, State Duma Deputy and Vice Chairman, Duma Budget and Tax Committee

30

AmCham Customs & Transportation Committee meeting with **Alexander Voronin**, Head, General Department of Federal Customs Income, Federal Customs Service

Programs and Services

Events

December 2005

2



Annual AmCham Holiday Party: A Night at the Movies

8



Policy Roundtable Series on IPR, featuring Donald Evans, Former U.S. Secretary of Commerce

8

Annual AmCham Human Resources Committee's Holiday Party

8-9 Trade Mission to Perm

12



High-Profile Speaker Series event featuring Samuel R. "Sandy" Berger, Chairman, Stonebridge International; Former U.S. National Security Advisor



Chamber Communications

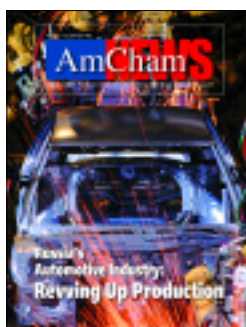
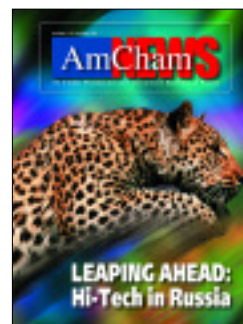
The key objective of AmCham's communications is to support the policy work of the Chamber by delivering the consolidated messages of its membership on critical business and investment issues and leveraging its position as the largest and most influential foreign business advocacy organization in Russia to promote improvements in the country's investment climate.

Media Relations

In domestic and international media arenas, AmCham serves as an effective, respected and credible voice for its members on business issues. The Chamber proactively engages media representatives by inviting them to events, periodically arranging press conferences and distributing position papers on the most pressing issues. On a daily basis, AmCham receives press inquiries and requests for comments and clarifications on matters affecting international business. In 2005, the Chamber served as the source of information for virtually all leading Russian and international media outlets, including Bloomberg, BusinessWeek, CNBC, Channel 1, Dow Jones, *The Financial Times*, ITAR-TASS, Interfax, *Izvestia*, *Kommersant*, *The Moscow Times*, National Public Radio, *The New York Times*, *Nezavisimaya Gazeta*, NTV, Prime-TASS, RBC, RBC-TV, Reuters, RTR, *Vedomosti* and *The Wall Street Journal*, among many others.

AmCham News

AmCham News is the Chamber's bi-monthly, full-color magazine with a circulation of 15,000 and a targeted distribution in Moscow, St. Petersburg and the United States. Available in both print and electronic versions, *AmCham News* provides an insider perspective on the Russian marketplace, reports on the policy and business networking activities of the Chamber, presents AmCham's opinions on issues affecting its members, and spotlights member companies. In 2005, *AmCham News* continued its mutually beneficial cooperation with Standard & Poor's, the world's pre-eminent provider of independent investment data, analysis and opinion.



High-Level Conferences and Forums



AmCham President Andrew Somers promotes Russia as an investment destination during an interview with CNBC following the Russian Economic Forum in London on April 12. (Photo courtesy of CNBC and Executive Interviews)

Over the course of the year, AmCham's president participated in more than 20 high-level conferences, forums, roundtables and seminars on the business and investment climates in Russia. At these events, the Chamber contributed its in-depth market knowledge, expertise and thought leadership. These events allow AmCham to effectively communicate its members' positions on important issues, promote Russia as a business and investment destination and promote further membership growth in the Chamber.

Website (www.amcham.ru)

The AmCham website is a portal for information on international business in Russia. It includes sections on meetings, briefings, publications, Russian legislation and policy, and a members-only section for committee meeting minutes. With easy-to-use and streamlined navigation, the site serves as a valuable source of diverse information for international businesspeople.

President's Message

The electronic *President's Message* provides readers with brief regular commentary from AmCham President Andrew Somers on the Chamber's recent activities and actions promoting policy priorities. With imbedded links to AmCham's website, recipients can access more detailed information directly from the communiqué.

Membership Directory

The *Annual Membership Directory* provides easy access to information on AmCham's more than 800 corporate members, membership services and benefits.

Member Notices and Alerts

AmCham keeps its members informed about upcoming policy events, initiatives, social and networking events and associated sponsorship and advertising opportunities by e-mail and fax. With a distinctive visual design, these notices and alerts contain concise and comprehensive information enabling members to make decisions on participation in a particular event.

13



High-Profile Speaker Series event featuring Yuri Zhdanov, Head, Federal Agency for Administering Special Economic Zones

16

Policy Roundtable Series on Encryption Technology, featuring Donald Pierce, Bureau of Industry and Security Export Control Attaché and U.S. Commercial Service Representative, and David Hoffman, U.S. Department of Homeland Security's Privacy and Data Integrity Advisory Committee

Chamber Communications

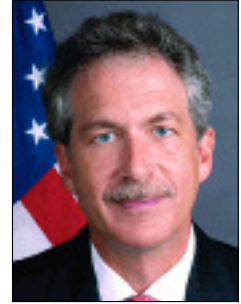
Board of Directors



Chairman
Trem Smith
Chevron Neftegaz Inc.



President
Andrew B. Somers
American Chamber of
Commerce in Russia



Honorary Chairman
William Burns
U.S. Ambassador
to Russia

Executive Committee



Secretary
Robert Courtney
US Dental Care



Heidi McCormack
General Motors CIS



Jonathan Knaus
American Express
International Services



Counsel
Holly Nielsen
Debevoise & Plimpton



Mike Kubena
PricewaterhouseCoopers



Vice Chair
Charlie Ryan
Deutsche Bank

Board Members



James Balaschak
Deloitte



Steven Fisher
Citigroup



Matthew Price
Procter & Gamble



Richard Brody
United Technologies
International Operations
(UTIO)



Doug Gardner
Ernst & Young (CIS)
Limited



**Sergey
Riabokobylko**
Cushman &
Wakefield Stiles &
Riabokobylko Ltd.



Ricardo Cabeza de Vaca
Merck, Sharp & Dohme
IDEA Inc.



Ben Haynes
ExxonMobil



Vassily Sidorov
Mobile TeleSystems



Steve Chase
Intel Technologies Inc.



Jonathan Hines
LeBoeuf, Lamb,
Greene & MacRae,
LLP



Richard Spies
BP



Alex Chmelev
Baker & McKenzie



Ron Lewin
TerraLink Technologies
Corp.



Bernard Sucher
Alfa Capital



Olga Dergunova
Microsoft Russia & CIS



Ron Pollett
GE



Henrik Winther
Rosinter Restaurants



Jamison Firestone
Firestone Duncan



Dorothy Lutter
U.S. Commercial
Service, U.S. Embassy



Pamela Quanrud
Economic Affairs
Section, U.S. Embassy

Ex Officio Members

American Chamber of Commerce in Russia Staff



Tatiana Raguzina
Vice President
for Policy



Irina Zernova
Vice President
of Operations



Ekaterina Gerasimova
Director of Finance



Alexander Kravtsov
Communications
Director



Irina Andzhel
Events Manager



Paul Hinshaw
Communications
Manager



Olesya Smirnova
Executive Assistant
to the President



David Birney
Committee Relations
Manager



Oksana Marchenko
Sales Coordinator



Maria Komolova
Chief Accountant,
Commercial Entity



Irina Doronina
Policy Projects
Manager



Alyona Gruzdeva
Administrative
Assistant



Ekaterina Markova
Administrative Assistant



Anastasia Dourygina
Accounts Receivables



Julia Radivilova
Office Manager



Evgenia Voit
Chief Accountant,
Non-Commercial
Entity



Irina Frolina
Membership
Coordinator



Dmitry Smirnoff
IT Manager



U.S. Representative

Ambassador
Gilbert Robinson
U.S. Communications
Advisor

St. Petersburg Chapter

Chapter Executive Committee



Chairman
Lawrence E. Booker
 OAO Svetogorsk -
 International Paper



Executive Director
Maria Chernobrovkina
 St. Petersburg Chapter



Honorary Chairman
Mary A. Kruger
 U.S. Consul General



Vice Chair
Maxim Kalinin
 Baker & McKenzie



Keith Silver
 U.S. Principal
 Commercial Officer
 (Ex Officio)



Dimitrios Makavos
 Coca-Cola HBC Eurasia



James Sickinger
 Caterpillar



Victor Rozhkov
 Citibank



Treasurer
Slava Vlasov
 PricewaterhouseCoopers



Vladimir Polutin
 Motorola

St. Petersburg Chapter Staff



Olga Nikishina
 Operations Coordinator



Anton Rassadin
 Marketing and Member
 Services Manager

In 2005, the St. Petersburg Chapter of the American Chamber of Commerce in Russia maintained rapid growth in both its membership and activities. In addition to the seven existing committees, the Chapter in 2005 added the Customs & Transportation Committee to aid AmCham members in resolving customs and transportation issues. Overall, the Chapter held 82 events and meetings featuring high-level guest speakers.

Membership growth for the year was 16.5 percent, with the Chamber ending 2005 with 126 member companies, which comprise the largest foreign investors in the Northwest Region. Throughout the year, the Chapter helped resolve many issues for its members and restored to bottom lines millions of dollars in at-risk revenues.

AmCham Financials



Alinga Consulting Group

consult@acg.ru
www.acg.ru

51 Munroe Street
Somerville, MA 02143 USA
Tel/Fax: +1 (617) 591-96-23

B. Pochtovaya St., 26v, Suite 409
Moscow, 105082, Russia
Tel/Fax: +7 (495) 223-65-95

March 13, 2006

RE: Annual Review Conducted by:

*Alinga Consulting Group, JSC, Moscow, Russia
and
Emerging Markets Group, LLC, St. Petersburg, Russia*

TO: The Board of Directors of the American Chamber of Commerce in Moscow, Russia Inc. and AmCham Information Services Inc.

We have reviewed the accompanying consolidated balance sheets of The American Chamber of Commerce in Moscow, Russia Inc. and AmCham Information Services Inc. as of December 31, 2005, and the related statements of income for the year ended then. All information included in these financial statements is the representation of the management of The American Chamber of Commerce in Moscow, Russia Inc. and AmCham Information Services Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Chamber of Commerce in Moscow, Russia Inc. and AmCham Information Services Inc. as of December 31, 2005, and the results of its operations for the year then ended are in conformity with accounting principles generally accepted in the United States.

Moscow, Russia

Alinga Consulting Group

Consolidated Profit and Loss Statement 2004 and 2005

	2005	2004
<i>(in dollars)</i>		
Revenues		
Total Membership Dues	2,321,248	2,141,704
Publications & Advertisements	249,102	294,753
Conferences/Seminars/Speakers	256,094	359,026
Social Events	612,195	699,077
Other Income	47,022	0
Total Income	3,485,662	3,494,560
Expense		
Advertising	10,955	7,356
Automobile	20,182	15,890
Bad Debt	10,367	36,090
Committee	60,102	36,268
Computer/Equipment & Maintenance	27,636	22,317
Conferences/Seminars/Speakers	134,228	179,797
Depreciation	29,001	36,305
Dues/Subscriptions/Registrations	14,807	13,423
Social Events	387,400	418,741
Finance Charges	19,764	-26,324
Meeting Participation	413	5,293
Office Supplies	30,766	32,956
Payroll	1,319,676	1,330,631
Postage & Delivery	23,910	16,115
Printing and Reproduction	10,330	10,786
Professional Fees	160,654	168,857
Public Relations	93,937	80,511
Publications	127,936	136,252
Rent	233,340	233,766
Taxes	39,831	83,585
Telecoms	56,460	49,866
Travel and Entertainment	179,423	130,438
VAT	3,138	4,176
Total Expense	2,994,256	3,023,095
Net Ordinary Income	491,406	471,465

AmCham Financials

AmCham Financials

Consolidated Balance Sheet For Years Ending December 31, 2004 & 2005

	12/31/2005	12/31/2004
<i>(in dollars)</i>		
ASSETS		
Current Assets		
Cash	1,887,793	1,290,505
Net Accounts Receivable	115,876	151,327
Prepaid Expenses/Other Current Assets	243,645	224,318
Total Current Assets	2,247,314	1,666,149
Fixed Assets	64,287	37,332
TOTAL ASSETS	2,311,601	1,703,481
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	105,267	37,072
Prepaid Memberships	781,450	667,895
Prebilled Publications & Events	20,617	9,525
Other Current Liabilities	79,157	155,285
Total Current Liabilities	986,490	869,776
Equity		
Opening Balance Equity	18,864	18,864
Retained Earnings	814,841	343,376
Net Income	491,406	471,465
Total Equity	1,325,110	833,704
TOTAL LIABILITIES & EQUITY	2,311,601	1,703,481

Annual Report 2005

Published by the American Chamber
of Commerce in Russia

Ul. Dolgorukovskaya 7, 14th Floor
Moscow 127006
Russian Federation

Tel: 7 (495) 961-2141
Fax: 7 (495) 961-2142
E-mail: info@amcham.ru
Website: www.amcham.ru