
INFORMATION BULLETIN

Restructuring of
RAO "UES of Russia" in 2007



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RESTRUCTURING: GOALS, RESULTS AND PROSPECTS

Power sector restructuring: results achieved in 2007

In 2007 all necessary decisions related to the scheme, time frame and results of reorganization of RAO UES of Russia to be achieved by July 1, 2008 were adopted. The implemented reorganization scheme will enable the State to increase its interest in FGC UES using state-owned shareholdings in generation companies (equal to the number of state-owned shares in RAO UES of Russia), at the same time protecting the interests of minority shareholders. Thus, all minority shareholders will receive shares in generation companies in proportion to the number of RAO UES shares they own.

The liberalization of electric power markets is continuing. Russian federation Government Resolution № 205 of 07.04.2007 determined the rates of market liberalization up to 2011, when prices on the wholesale market shall be fully unregulated. As of January 1, 2008 the fraction of wholesale market supplies at regulated prices amounts to 85% pursuant to the specified Resolution.

On September 3, 2007 the 1st stage of RAO "UES of Russia" was completed when generation companies WGC-5 and TGC-5 were spun-off from RAO "UES of Russia".

The Extraordinary general meeting of Shareholders of RAO "UES of Russia" which addressed issues of the final reorganization of the Company took place on October 26, 2007. Shareholders owning 33 396 122 096 shares or 77,46% of the total amount of RAO "UES of Russia" shares took part in the meeting. The decision on the key issue of the meeting – the final reorganization of the company – was approved by over 95,43% of the shareholders that took part in the voting. On January 9, 2008 the repurchase of shares from shareholders, who voted against the reorganization and submitted their shares for repurchasing, was completed.

The system for the management of the industry after the reorganization of RAO "UES of Russia" is in the process of being drawn up. As part of this process Federal law № 250-FZ "On the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in connection to the Implementing of Measures on the Restructuring of the Unified Energy System of Russia" was adopted.

This law introduces amendments to the following legislative acts:

- Federal Law № 35-FZ dated March 26, 2003 "On the Electric Power Industry";
- Federal Law № 36-FZ dated March 26, 2003 "On the Specifics of Electric Power Industry Functioning during the Transition Period, Introduction of Amendments into Certain Legislative Acts of the Russian Federation, and Repeal of Certain Legislative Acts of the Russian Federation due to the Adoption of the Federal Law "On the Electric Power Industry";
- Federal Law № 41-FZ dated April 14, 1995 "On State Regulation of Tariffs for Electric and Thermal Power in the Russian Federation".

It is planned to create the Market Council, which is set up as a non profit organization with a membership of power sector entities and large customers. Creation of the Market Council is not only aimed at ensuring the unity of operation of commercial infrastructure of the electricity market, efficient interaction between wholesale and retail markets, creation of favourable conditions for investment activity in the power sector, existence of a collective opinion expressed by market players in the course of development of regulatory documents pertaining to the power sector, but is also designed to meet consumer needs and ensure reliable and sustainable power supply to all customers.

"Pilot" projects are being replaced by regular IPOs implemented in accordance with the schedule. In the future it is planned to sell RAO UES-owned shares in these companies and to organize competitive procedures related to the sale of sales companies.



Directors of RAO UES of Russia has approved share placement programs for **21 companies**:

■ WGC-1	■ TGC-1	■ Volzhskaya TGC (TGC-7)
■ WGC-2	■ TGC-2	■ SGC TGC-8
■ WGC-3	■ Mosenergo (TGC-3)	■ TGC-9
■ WGC-4	■ TGC-4	■ TGC-10
■ WGC-5	■ TGC-5	■ TGC-11
■ WGC-6	■ TGC-6	■ Kuzbassenergo (TGC-12)
■ Chelyabenergosbyt	■ Kaluga Energy Sales Company	■ Yeniseyskaya TGC (TGC-13)

As of December 31, 2007 WGC-2, WGC-3, WGC-4, WGC-5, WGC-6, TGC-1, Mosenergo (TGC-3), TGC-5, SGC TGC-8 and Kuzbassenergo (TGC-12) have successfully placed their shares. Besides this, RAO "UES of Russia" sold shareholdings in WGC-3, WGC-4, WGC-5, TGC-1, Mosenergo (TGC-3), SGC TGC-8 and TGC-9. Taking into account investment needs of generation companies, it is necessary to correct volumes of additionally issued shares in accordance with stock market dynamics.

As of December 31, 2007 the RAO UES Board of Directors has approved restructuring projects for **71 out of 72** AO-Energos. Functional unbundling has been completed in 67 AO-Energos.

Functional unbundling partially completed in Kalmenergo.

Functional unbundling not yet completed:

- Yantarenergo – Agreement on the restructuring of the Company signed with the Administration of the Kaliningrad Region. The project for the restructuring of this Company shall be reviewed by the RAO "UES of Russia" Board of Directors in February of 2008;
- Magadanenergo – The Management Board of RAO UES of Russia decided that functional unbundling of the company was not advisable. Therefore the Management Board approved the Development Strategy for the energy system of Magadan region for the period from now to 2015;
- Sakhalinenergo – The Management Board of RAO UES of Russia decided that functional unbundling of the company was not advisable. Therefore the Management Board approved the Development Strategy for the energy system of Sakhalin for 2006-2014 (with the outlook for 2020);
- Chukotenergo – The restructuring process was suspended until RAO UES of Russia and Administration of the Chukotsky region reach a general consensus concerning integration of the company's assets.

All thermal generation companies have been formed according to their target models. Shares of all thermal WGCs have been admitted to trading on the stock market. **HydroWGC has been formed as a Holding company**, the 1st stage of the consolidation of the Federal hydrogeneration company completed when 20 subsidiaries were merged into the company.

The consolidation of the Unified National Power Grid (UNPG) is being continued. Spin-off of network companies from AO-Energos has been completed. **56 trunk grid companies have been established** on the basis of reorganized AO-Energos. Pursuant to the decision of the RAO UES Board of Directors (Minutes № 248 of March 30, 2007) the scheme for the merger of network companies with and into FGC UES was amended. Earlier it was planned that the merger would involve several stages. At the first stage 56 trunk grid companies and 6 interregional trunk grid companies established as the result of the RAO UES of Russia reorganization should have merged with and into ITGC Center. At the final stage there should have been a takeover of ITGC Center (in a new configuration) by FGC UES. However, considering that the Board of Directors of RAO UES of Russia has already approved the scheme of the final stage of the RAO UES of Russia reorganization (Minutes № 245 of March 2, 2007), it was decided that TrunkGCs and FGC UES would merge with and into FGC UES in one stage. **In the IV quarter of 2007** Extraordinary General Meetings of Shareholders of FGC UES, 7 interregional trunk grid companies and 56 trunk grid companies adopted decisions on the reorganization in the form of a merger with FGC UES issue.



In 2007 the I additional issue of shares in FGC UES was conducted. As a result, the interest of the Russian Federation in the authorized capital of Federal Grid Company reached 12,44%. During the issue approximately 59 billion rubles were attracted. During the course of the placement II issue, which is planned to be completed in the I quarter of 2008, RAO "UES of Russia" has used shareholdings in 10 companies and cash assets as payment for additional FGC UES shares.

Reconfiguration of the distribution companies has started pursuant to the RAO "UES of Russia" Board of Directors decision of April 27, 2007. Russian Federation Government Resolution № 1857-r of 19.12.2007 allows distribution grid companies (DGCs) to merge into interregional distribution grid companies (IDGCs) in their new configuration.

In 2007 pursuant to the program, which was approved by the RAO "UES of Russia" Board of Directors on December 8, 2006, the disposal of energy sales companies has been launched. As of December 31, 2007 22 projects for the sale of shares in energy sales companies have been implemented, with the proceeds amounting to 13 669 million rubles, with account of Yaroslavl Energy Sales Company sold in 2006.

The State has started to increase its interest in the authorized capitals of infrastructure organizations by means of purchasing additional shares issued by these companies. Additional shares are paid for in budgetary funds. This will help to increase the interest of the Russian.

Main electric power industry restructuring goals

- complete the formation of FGC UES, interregional distribution grid companies, and HydroWGC;
- complete the formation of 11 IDGCs according to the new configuration, to implement measures related to the transition to the new system of tariff regulation on the basis of reasonable return on investments (RAB);
- implement projects involving attraction of investments in wholesale and territorial generation companies in the I quarter of 2008;
- increase the share of the State in the authorized capitals of FGC UES, SO CDA UES, and HydroWGC at the expense of budgetary funds;
- sell shares of energy sales companies through a public auction, the initial price of shares shouldn't be less than the market price calculated by an independent appraiser;
- cease participation of RAO UES of Russia and its subsidiaries in repair and service companies by selling shares of these companies owned by RAO UES of Russia and its subsidiaries;
- launch the capacity and ancillary services markets;
- complete the reorganization of RAO "UES of Russia", RAO "UES of Russia" merged into FGC UES.

Information note:

Restructuring of the Russian power sector started in 2000. The very first step was the development of the reform concept by RAO UES of Russia. Russian Federation Government Resolution № 526 of July 11, 2001 "On Restructuring the Electric Power Industry of the Russian Federation" was the first normative act to regulate the changes to take place in the electric power industry. Federal Laws of the Russian Federation approved in the first quarter of 2003 identified the main trends and principles related to future functioning of the electric power industry in competitive conditions. The existing regulatory and legal framework pertaining to the power sector restructuring includes more than forty documents.



According to the Concept of RAO UESR's Strategy for 2005-2008 (the "5+5"), reorganization is aimed at increasing efficiency of power plant operations and creating conditions for the development of the electric power industry on the basis of private investments.

Main goals and objectives of power sector restructuring led by RAO UES of Russia are:

- to supply consumers of companies, included in the configuration of RAO UES of Russia, with reliable and sustainable electricity and heat during the transition period;
- to increase the market value of both the RAO UES Holding and companies being created during the restructuring period;
- to increase current efficiency and to ensure development of profile businesses of RAO UES of Russia;
- to observe all rights and to protect legitimate interests of shareholders of the company (not only of RAO UES of Russia, but also of its subsidiaries and affiliates), including minority shareholders;
- to increase transparency of the company and improve corporate governance system, thus making the company business-oriented;
- to spin off from RAO UES of Russia the most efficient and investment attractive companies;
- to implement reorganization of RAO UES of Russia and to participate actively in suggesting to the Russian Federation Government in accordance with the Russian legislation on restructuring of the power sector in the way that not only meets the requirements and goals imposed by the State, but also guarantees observance of rights and maximization of value for the shareholders of RAO UES of Russia.

Performance highlights of RAO UES of Russia Holding Company as of 30.06.2007 in accordance with international financial reporting standards (IAS).*

Indicators	As of 30 June 2007, billion rubles	growth over 30.06.06 to 30.06.07, billion rubles
total assets	2 340,539	797,103**
permanent assets	1 813,861	596,332**
income from operations	503,427	57,275
current operating expenses	449,985	56,577
profit from operations	103,847	51,103
profit before tax	93,527	46,976
net profit paid to the shareholders of RAO UES of Russia	12,689	(7,356)
net profit paid to minority shareholders	6,022	(1,088)
cash proceeds from current and financial activity	119,673	72,733
use of funds for investment purposes	49,528	557

With this end in view, natural monopoly functions (power transmission, dispatching) are being separated from potentially competitive ones (power generation and sales, repair works and services); new structures responsible for separate activity types are being created instead of former vertically integrated companies, which exercised all the above mentioned functions. Generation, sales and repair companies are becoming private. As a consequence, they start competing with each other. On the contrary, state control tightening occurs in natural monopoly spheres. Thus conditions for competitive power market development are being created, which implies that market prices are not regulated by the State, but formed on demand and supply basis, while market participants compete reducing their costs.

In this Information Bulletin on Restructuring of the Russian Power Sector we offered for your consideration the results and key events related to power sector restructuring in 2007. We hope that here you will be able to find the most complete and reliable information on the restructuring process.

At the end of this Information Bulletin you can find a list of RAO UESR's basic terms and definitions related to the restructuring of the electric power industry.

* For more detailed information please visit the website of RAO UES of Russia, http://www.rao-ees.ru/ru/investor/finans/ees_300607.pdf

** Growth over 31.12.2006 to 30.06.2007



RAO UESR RESTRUCTURING SCHEDULE FOR 2005-2008 (beginning)

Measure description	2004		2005				2006				2007			
	Period	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
I. Functional unbundling of AO-Energy companies														
Restructuring projects approved by the RAO UESR Board of Directors	over current period	18	7	2	5	2	0	0	1	2	0	0	0	0
	accumulative result	52	59	61	66	68	68	68	69	71	71	71	71	71*
	adjustments introduced	1	0	0	1	2	(Altaienergo, Kuzbassenergo)							
Unbundling of AO-Energy companies	over current period	5	22	11	7	10	2	0	7	1	1	1	1**	0
	accumulative result	5	27	38	45	55	57	57	64	65	66	67	68	68***
II. Formation of territorial generation companies (TGCs)														
Restructuring projects approved by the RAO UESR Board of Directors	over current period	9 (TGC-1,3,5; 7,8,9,10,13,14)	3 (TGC-2,4,6)	0	1 (TGC-11)	1 (TGC-12)	1	1****	1	2	2	2	2	1
	accumulative result	9	12	12	13	14	1	1	2	3	3	3	3	3
Formation of target structure	merger-based reorganization						1 (TGC-5)	2 (TGC-8,9)	3 (TGC-2,4,14)	3 (TGC-1,10,13)	2 (TGC-6, 9/Komi RGC/)	2 (TGC-2/Arkhangelsk GC/ 7)	1 (TGC-11)	2****
	Holding target structure						1 (TGC-5)	1 (TGC-6)	1 (TGC-7)	3 (TGC-1,2,7,8)	2 (TGC-1,8)	4 (TGC-10,13)	3 (TGC-10,11,13)	14
	цeнeб. cтpукт. нaкoп. итoгoм						2	4	4	7	7	11	11	14
III. Formation of 6 wholesale (thermal) generation companies														
Transition to a single share (completion of placement of additional shares of WGCs, other than WGC-5)	over current period			1 (WGC-5)		1 (WGC-3)		2 (WGC-2,6)						
	accumulative result			1		2		4						
Completion of WGC restructuring based on merger	over current period							2 (WGC-3,5 – 01.04.2006)	4 (WGC-4 – 01.07.2006)	6 (WGC-1,2,6 – 29.09.2006)				
	accumulative result							2	6	6				

* Not including Yantarenergo, the project for the restructuring of this Company shall be submitted for review by the Board of Directors of RAO "UES of Russia" in February of 2008. (Agreement for the Development of the Electric Power Industry of the Kaliningrad Region signed with regional authorities on 01.12.2007).

** Ingushenergo unbundling completed, Ingushenergo power grid facilities used as payment for the additional KUEK share issue.

*** Not including Sakhalinenergo (the RAO "UES of Russia" Management Board (Minutes № 1334/pr2 of 31.10.2005) made the decision that it is inexpedient to functionally unbundle Sakhalinenergo before 2010). Magadanenergo (shall not be unbundled), Chukotenergo (project for asset integration not coordinated with the Authorities of the Chukotka Autonomous Region), Yantarenergo (restructuring project shall be reviewed by the Board of Directors of RAO "UES of Russia" in February of 2008).

**** The Board of Directors of RAO UES of Russia approved the details of completion of TGC-10 and TGC-11 formation as per their target models (for TGC-10 – merger with and into or inclusion in Kurgan Generation Company Holding, for TGC-11 – merger with and into or inclusion in Tomskenergo and Omsk Power Generation Company Holding).

***** TGC-10 – Kurgan Generation Company included into TGC-10 Holding Company; TGC-13 – Kyzyl CHPP included into Yaniseyskaya TGC (TGC-13) Holding Company.

RAO UESR RESTRUCTURING SCHEDULE FOR 2005-2008 (continued)

Measure description	2004	2005	2006	2007	2008
IV. Consolidation of HydroWGC (wholesale hydro-generation company)					
Stages of formation of HydroWGC post-reform structure		<p>15.03.2005 – HydroWGC authorized capital will be paid for in shares of 15 AO-HEPPs and HydroWGC Management Company previously owned by RAO UES of Russia</p> <p>26.12.2004 – state registration of HydroWGC*</p>	<p>21.12.2006 – registration of the report on the results of additional shares issue by HydroWGC; additional shares were paid for in shares of AO-HEPPs spun-off from reorganized AO-Energos owned by RAO UES of Russia (inclusion of 7 AO-HEPPs in HydroWGC Holding Company)**</p>	<p>01.11.2007 – II additional HydroWGC share issue in favor of RAO "UES of Russia", the Russian Federation and EZOP*** completed</p> <p>12.10.2007 – HydroWGC EGM – decision to reorganize 20 HydroWGC Holding Company subsidiaries (AO-HEPPs) by means of a merger approved</p>	<p>09.01.2008 – completion of mergers of 20 subsidiaries of the Holding Company into HydroWGC****</p> <p>15.02.2008 – completion of placement of additional shares in Cascade of NC-HEPPs with payment in Kaskhkitau HEPP assets owned by Kabbalkenergo</p> <p>25.03.2008 – completion of placement of additional shares in Irganaisk HEPP with payment in profile and financial assets owned by RAO "UES of Russia"</p> <p>15.06.2008 – completion of mergers of Irganaisk HEPP and Cascade of NC-HEPPs</p> <p>30.06.2008 – merger of HydroWGC State Holding Company and HydroWGC Minority Holding Company previously spun-off from RAO "UES of Russia" (RF Government participation in the authorized capital of HydroLITC no less than 50%+ 1 share)</p>
<p>* HydroWGC – established as a wholly-owned subsidiary of RAO UES of Russia.</p> <p>** HydroWGC – formed as a Holding Company, additional shares issued by HydroWGC were paid for in shares of Zagorsk HEPPSP, Dagestan Regional Generation Company, Stavropol Power Generation Company, Cheboksary SDPP, Zaramagask HEPPs, Zelenchuki HEPPs, Scientific Research Institute of Energy Structures (NIES), the B.E. Vedeneyev All-Russian Research Institute of Hydraulic Engineering (VNIIG) owned by RAO UES of Russia.</p> <p>*** Payment for the II additional HydroWGC share issue in RAO "UES of Russia" – owned North Osetia HGC, Sulakenergo, Zelenchuki HEPPs, Verkhne-Mitnovskaya GeotPP shares; Russian federation assets attracted for the realization of the investment program – the RAO "UES of Russia" stake decreased to 96.16% in the authorized capital of HydroWGC.</p> <p>**** As a result of the reorganization the interest of RAO "UES of Russia" in the authorized capital of HydroWGC amounts to 77.93%.</p>					
V. Development strategy for the distribution complex of RAO UES of Russia Holding					
IDGC target structure formation		<p>27.04.2007 – The RAO "UES of Russia" Board of Directors approved: the configuration of 11 IDGCs; the establishment of 3 new IDGCs; the reorganization of 8 IDGCs by means of a merger</p>	<p>26.10.2007 – The RAO "UES of Russia" Board of Directors approved the characteristics of the reorganization of 3 IDGCs (North-west, Siberia, Centre and Privolzhye)</p> <p>30.11.2007 – The RAO "UES of Russia" Board of Directors approved the characteristics of the reorganization of 5 IDGCs (Centre, Volga, Southern, Ural and North Caucasus)</p> <p>19.12.2007 – RF Government Resolution №1857-r approved the new configuration of 8 IDGCs</p> <p>December 2007 – EGMS of IDGCs included in the configuration of Centre and Privolzhye IDGC, North-West IDGC and Siberia IDGC on the reorganization by means of a merger into IDGCs issue</p> <p>25.12.2007 – EGMS of IDGCs (Centre, Southern, Volga, North Caucasus, Ural, Centre and Privolzhye, North-West and Siberia) on the reorganization by means of a merger of IDGCs issue</p>	<p>January 2008 – EGMS of DGCs included in the configuration of Centre and Centre, Southern, Volga, North Caucasus and Ural IDGCs on the reorganization by means of a merger into IDGCs issue</p> <p>11.03.2008 – Inclusion of Kurganenergo into Ural IDGC Holding Company</p> <p>February 2008 – approval of amendments and adjustments (pertaining to electric power transmission tariffs) to RF Government Resolution № 109 of 26.02.2004;</p> <p>March 2008 – approval by the FTS RF Guidelines for the Calculation of the RAB and Guidelines for the Calculation of the Rate of Return on Invested Capital</p>	<p>01.03.2008 – completion of mergers of DGCs into Centre and Privolzhye IDGC (shares to be submitted to the market – April 2008)</p> <p>01.04.2008 – completion of mergers of DGCs into Centre, Southern, Volga, North Caucasus, North-West and Siberia IDGCs (shares to be submitted to the market – May 2008)</p> <p>01.05.2008 – completion of mergers of DGCs into Ural IDGC (shares to be submitted to the market – June 2008)</p> <p>30.06.2008 – spin-off of IDGC Holding Company from RAO "UES of Russia"</p>
8 IDGCs (not including Lenenergo, DGC Tyumenenergo, DGC of Moscow and the Moscow Region, DGC of Far East)*		<p>25.09.2007 – draft amendments and additions to RF Government Resolution № 77-r of January 26, 2007 submitted to the RF Government for approval (new configuration of IDGCs)</p>	<p>15.11.2007 – The FTS RF approved the list of key measures for the transition to tariff regulation based on the RAB method and their time frame</p>		
Introduction of the tariff regulation system based on the reasonable rate of return on investments (RAB)		<p>04.07.2007 – project of amendments and adjustments to RF Government Resolution № 109 of 26.02.2004 needed to introduce tariff regulation based on the RAB method submitted to the RF Government</p>			<p>01.07.2008 – introduction of tariff regulation based on the RAB method (forecast for pilot DGCs)</p>
* Pursuant to the adjusted configuration of IDGCs approved by the RAO "UES of Russia" Board of Directors (Minutes № 250 of 27.04.2007) and RF Government Resolution (№1857-r of 19.12.2007).					

RAO UESR RESTRUCTURING SCHEDULE FOR 2005-2008 (end)

Measure description	Period	2004				2005				2006				2007			
		Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
VI. Spin-off of UNPG facilities, formation of FGC UES post-reform structure																	
Spin-off of UNPG facilities (establishment of trunk grid companies in the process of restructuring of AO-Energos)																	
State registration of TrunkGCs	over current period	1	1	2	31	10	0	2	8	0	1	UNPG consolidation start (reorganization of FGC UES in the form of a merger with the established TrunkGCs) under the reorganization of RAO UES of Russia					
	accumulative result	1	2	4	35	45	45	47	55	55	56*						

Measure description	2006-2007	Q3, 2007	Q4, 2007	Q1-Q2, 2008
Consolidation of UNPG facilities				
Formation of FGC UES post-reform structure	<p>21.03.2006 - 15.05.2007 – Placement of the first issue of additional shares by FGC UES with payment for them in RAO UES property (including shares in 42 established TrunkGCs) and funds from the Russian federal budget (Federal Agency for Federal Property Management) (after placement RAO UES stake in the authorized capital of FGC UES will be 87,56%)</p>	<p>23.08. 2007 – placement of the II issue of additional shares with payment in RAO "UES of Russia" assets, including shares in the 8 established TrunkGCs</p>	<p>14.12.2007 – EGM of FGC UES adopted the decision on the reorganization by means of a merger of 56 TrunkGCs and 7 ITGCs issue;</p> <p>17.12.2007 – EGMs of 7 ITGCs and 53 TrunkGCs adopted decisions on the reorganization by means of a merger into FGC UES issue;</p> <p>27.12.2007 – FGC UES acquired (sales-and-purchase agreement) UNPG facilities owned by Altayenergo (non-basic model)</p>	<p>25.01.2007 – EGMs of Astrakhan TrunkGCs and Volgograd TrunkGCs adopted decisions on the reorganization by means of a merger into FGC UES issue;</p> <p>14.03.2008 – EGM of Kurgan TrunkGCs adopted the decision on the reorganization by means of a merger into FGC UES issue;</p> <p>April 2008 – completion of placement of the II issue of additional shares (payment in budgetary funds of the RF to a sum of 18.8 billion rubles; the interest of RAO "UES of Russia" in the AC of FGC UES decreases to 83%);</p> <p>30.06.2008 – completion of FGC UES target structure formation – merger of 56 TrunkGCs and 7 ITGCs, as well as HydroWGC State Holding Company and HydroWGC Minority Holding Company previously spun-off from RAO "UES of Russia".</p>

Measure description	Q3, 2007	Q4, 2007	Q1, 2008	Q2, 2008
VII. Inter RAO UES target structure formation				
Inter RAO UES target structure formation stages	<p>13.09.2007 – Sochinskaya TPP EGM of shareholders (wholly-owned subsidiary, competence of the Management board of RAO "UES of Russia") on the issue of splitting of shares</p>	<p>18.12.2007 – the EGM of Sochinskaya TPP adopted the decision on the reorganization by means of a merger of Kaliningrad HEPP-2, North-West HEPP, Ivanovskie CCGTs and ZAO "INTER RAO UES" issue</p> <p>December 2007 – EGMs of Kaliningrad HEPP-2, North-West HEPP, Ivanovskie CCGTs and ZAO "INTER RAO UES" adopted decisions on the reorganization by means of a merger into Sochinskaya TPP issue</p>	<p>March 2008 – FFSM registration of the additional issue of shares in OAO "INTER RAO UES" (the renamed Sochinskaya TPP) for merger purposes</p>	<p>April 2008 – completion of merger of Kaliningrad HEPP-2, North-West HEPP, Ivanovskie CCGTs and ZAO "INTER RAO UES" into OAO "INTER RAO UES" (the renamed Sochinskaya TPP)</p> <p>30.06.2008 – merger of OAO "INTER RAO UES Holding Company" spun-off from RAO "UES of Russia" into OAO "INTER RAO UES"</p>

* Excluding Altaienergo, Kalmenergo, Sevkavkazenergo, and Yantarenergo, UNPG facilities of which will be transferred to the authorized capital of FGC UES according to the "non-basic" model.



THE LEGAL AND REGULATORY FRAMEWORK OF THE REFORM

DOCUMENTS ADOPTED AND SUBMITTED FOR CONSIDERATION IN THE 4TH QUARTER OF 2007

ADOPTED **Federal Laws**

1. Federal law № 250-FZ of November 4, 2007 *"On the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in connection to the Conducting of Measures on the Reforming of the Unified Energy System of Russia"*.

The law introduces a number amendments to Russian electric power industry legislation, including the issues of capacity circulation on the electric power (capacity) market, operational dispatch management in the electric power industry, antimonopoly regulation of the sector, technological connection to power grids, State regulation of the sector's functioning and self-regulation of electric power market participants.

Russian Federation Government Resolutions

1. Resolution № 951 of December 29, 2007 *"On amending certain Russian Federation Government Resolutions in connection to defining the particularities of functioning of the wholesale electric power (capacity) market during the transition period within territories, that are not included in price zones"*.

The resolution introduces amendments to the Rules of the wholesale electric power (capacity) market for the transition period, the Fundamentals of pricing of electric and thermal power in the Russian Federation, the Rules of retail power markets functioning during the transition period of electric power industry reforms. These amendments determine the method of sale and purchase of electric power within territories that were not included into price zones of the wholesale power market, in particular – the Kaliningrad Region, the Komi Republic, the Arkhangelsk Region and the Far East (the Amur Region, the Primorie Territory, the Khabarovsk Territory, the Southern Yakutiya area of the Republic of Sakha and the Jewish Autonomous Region).

2. Resolution № 996 of December 29, 2007 *"On amending certain Russian Federation Government Resolutions on the issue of organizing the activities of last-resort suppliers of electric power"*.

The resolution introduces amendments to the Rules of retail power markets functioning during the transition period of electric power industry reforms and the Rules of the wholesale electric power (capacity) market for the transition period, in relation to granting and withdrawing the status of last-resort supplier, as well as several other issues of last-resort supplier functioning.

Russian Federation Government Decrees

1. Decree №1857-r of 19.12.2007, *which adopts the new configuration of IDGCs.*

In place of the previous configuration (RF Government Decree №77-r of 26.01.2006) that included the establishment of 4 IDGCs, 11 IDGCs are to be created (8 IDGCs listed in the resolution and distribution grid companies on the basis of Mosenergo, Lenenergo and Tyumenenergo). The changes made to the configuration are set to ensure a superior manageability of the distribution grid system and increase investment attractiveness of the companies.

SUBMITTED **Submitted to the Russian Federation Government**

1. Draft Resolution of the Russian Federation Government *on the issue of organizaing competitive trading in capacity on the wholesale electric power (capacity) market.*



KEY REGULATORY DOCUMENTS RELATED TO THE POWER SECTOR

Federal Laws of the Russian Federation

1. Federal Law № 35-FZ dated March 26, 2003 (as amended by Federal Laws of 22.08.2004 № 122-FZ, of 30.12.2004 № 211-FZ, of 18.12.2006 № 232-FZ, of 04.11.2007 № 250-FZ) *"On the Electric Power Industry"*.
2. Federal Law № 36-FZ dated March 26, 2003 (as amended by Federal Laws of 28.12.2004 № 178-FZ, of 31.03.2006 № 54-FZ, of 05.02.2007 № 13-FZ, of 02.10.2007 № 228-FZ, of 04.11.2007 № 250-FZ) *"On the Specifics of Electric Power Industry Functioning during the Transition Period, Introduction of Amendments into Certain Legislative Acts of the Russian Federation, and Repeal of Certain Legislative Acts of the Russian Federation due to the Adoption of the Federal Law "On the Electric Power Industry"*.
3. Federal Law № 41-FZ dated April 14, 1995 (as amended by Federal Laws of 11.02.1999 № 33-FZ, of 10.01.2003 № 6-FZ, of 26.03.2003 № 38-FZ, of 07.07.2003 № 125-FZ, of 22.08.2004 № 122-FZ, of 30.12.2004 № 211-FZ, of 02.12.2005 № 147-FZ, of 26.12.2005 № 184-FZ, of 31.12.2005 № 199-FZ, of 18.10.2007 № 230-FZ, of 04.11.2007 № 250-FZ) *"On State Regulation of Tariffs for Electric and Thermal Power in the Russian Federation"*.
4. Federal Law № 147-FZ dated August 17, 1995 (as amended by Federal Laws of 08.08.2001 № 126-FZ, of 30.12.2001 № 196-FZ, of 10.01.2003 № 16-FZ, of 26.03.2003 № 39-FZ, of 29.06.2004 № 58-FZ, of 31.12.2005 № 199-FZ (as amended on 29.12.2006), of 04.05.2006 № 62-FZ, of 29.12.2006 № 258-FZ, of 18.10.2007 № 230-FZ, of 08.11.2007 № 261-FZ) *"On Natural Monopolies"*.
5. Civil Code of the Russian Federation № 14-ΦЗ dated January 26, 1996 (as amended by Federal Laws of 12.08.1996 № 110-FZ, of 24.10.1997 № 133-FZ, of 17.12.1999 № 213-FZ, of 26.11.2002 № 152-FZ, of 10.01.2003 № 8-FZ, of 10.01.2003 № 15-FZ, of 26.03.2003 № 37-FZ, of 11.11.2003 № 138-FZ, of 23.12.2003 № 182-FZ, of 29.12.2004 № 189-FZ, of 30.12.2004 № 219-FZ, of 21.03.2005 № 22-FZ, of 09.05.2005 № 45-FZ, of 18.07.2005 № 89-FZ, of 02.02.2006 № 19-FZ, of 18.12.2006 № 231-FZ, of 30.12.2006 № 276-FZ, of 26.01.2007 № 5-FZ, of 20.04.2007 № 53-FZ, of 26.06.2007 № 118-FZ, of 19.07.2007 № 197-FZ, of 24.07.2007 № 218-FZ, of 25.10.2007 № 234-FZ, of 04.11.2007 № 251-FZ, of 29.11.2007 № 287-FZ, of 06.12.2007 № 334-FZ, including amendments introduced by Federal Law of 26.01.1996 № 15-FZ, RF Constitutional Court Resolution of 23.12.1997 № 21-П) *Part two, chapter 30, § 6 – Energy supply*.
6. Federal Law № 28-FZ dated April 3, 1996 (as amended by Federal Laws of 05.04.2003 № 42-FZ, of 18.12.2006 № 232-FZ) *"On Energy Saving"*.
7. Federal Law № 127-ΦЗ dated October 26, 2002 (as amended by Federal Laws of 22.08.2004 № 122-FZ, of 29.12.2004 № 192-FZ, of 31.12.2004 № 220-FZ, of 24.10.2005 № 133-FZ, of 18.07.2006 № 116-FZ, of 18.12.2006 № 231-FZ, of 05.02.2007 № 13-FZ, of 26.04.2007 № 63-FZ, of 19.07.2007 № 140-FZ, of 01.12.2007 № 318-FZ, including amendments introduced by Federal Laws of 19.07.2007 № 139-FZ, of 23.11.2007 № 270-FZ, of 01.12.2007 № 317-FZ) *"On Bankruptcy". Chapter XII*.
8. Federal Law № 128-ΦЗ dated August 8, 2001 (as amended by Federal Laws of 13.03.2002 № 28-FZ, of 21.03.2002 № 31-FZ, of 09.12.2002 № 164-FZ, of 10.01.2003 № 17-FZ, of 27.02.2003 № 29-FZ, of 11.03.2003 № 32-FZ, of 26.03.2003 № 36-FZ, of 23.12.2003 № 185-FZ, of 02.11.2004 № 127-FZ, of 21.03.2005 № 20-FZ, of 02.07.2005 № 80-FZ, of 31.12.2005 № 200-FZ, of 27.07.2006 № 156-FZ, of 04.12.2006 № 201-FZ, of 29.12.2006 № 244-FZ, of 29.12.2006 № 252-FZ, of 05.02.2007 № 13-FZ, of 19.07.2007 № 134-FZ, of 19.07.2007 № 135-FZ, of 19.07.2007 № 136-FZ, of 04.11.2007 № 250-FZ, of 01.12.2007 № 318-FZ, of 06.12.2007 № 334-FZ) *"On Licensing Certain Activity Types"*.
9. Federal Law № 208-ΦЗ dated December 26, 1995 FZ (as amended by Federal Laws of 13.06.1996 № 65-FZ, of 24.05.1999 № 101-FZ, of 07.08.2001 № 120-FZ, of 21.03.2002 № 31-FZ, of 31.10.2002 № 134-FZ, of 27.02.2003 № 29-FZ, of 24.02.2004 № 5-FZ, of 06.04.2004 № 17-FZ, of 02.12.2004 № 153-FZ, of 29.12.2004 № 192-FZ, of 27.12.2005 № 194-FZ, of 31.12.2005 № 208-FZ, of 05.01.2006 № 7-FZ, of 27.07.2006 № 138-FZ, of 27.07.2006 № 146-FZ, of 27.07.2006 № 155-FZ, of 18.12.2006 № 231-FZ, of 05.02.2007 № 13-FZ, of 24.07.2007 № 220-FZ, of 01.12.2007 № 318-FZ) *"On Joint-Stock Companies"*.



Russian Federation Government Resolutions

1. Russian Federation Government Resolution № 526 of July 11, 2001 (as amended by Resolution of 01.02.2005 № 49) *"On Restructuring the Electric Power Industry of the Russian Federation"*.
2. Russian Federation Government Resolution № 516 of August 22, 2003 *"On Limited Tariffs for Electric and Thermal Power"*.
3. Russian Federation Government Resolution № 576 of September 16, 2003 (as amended by Resolution of 01.02.2005 № 49) *"On Federal Bodies of Executive Power Authorized to Provide State Control over Activities Performed by the Administrator of Trading System of the Wholesale Power (Capacity) Market"*.
4. Russian Federation Government Resolution № 638 of October 20, 2003 *"On the Accounting System to be Presented to the Federal Body of Executive Power Regulating Natural Monopolies"*.
5. Russian Federation Government Resolution № 643 of October 24, 2003 (as amended by Resolutions of 01.02.2005 № 49, of 16.02.2005 № 81, of 15.04.2005 № 219, of 17.10.2005 № 620, of 07.11.2005 № 661, of 11.11.2005 № 676, of 31.08.2006 № 529, of 29.12.2006 № 830, of 07.04.2007 № 205, of 29.12.2007 № 951, of 29.12.2007 № 996) *"On the Rules of the Transition Wholesale Power (Capacity) Market"*.
6. Russian Federation Government Resolution № 648 of October 28, 2003 (as amended by Resolution of 07.10.2004 № 530) *"On the Assignment of Electric Grid Facilities to the Unified National (All-Russian) Power Grid and on Maintaining the Register of Electric Grid Facilities of the Unified National Power Grid"*.
7. Russian Federation Government Resolution № 674 of November 5, 2003 *"On the Consideration Procedure for Disagreements Arising between the Executive Power Bodies of the Subjects of the Russian Federation in the field of State Regulation of Tariffs, Organizations Carrying out Regulated Types of Activities, and Consumers"*.
8. Russian Federation Government Resolution № 792 of December 30, 2003 *"On the List of Services Related to Ensuring the Functioning and Development of the Unified Energy System of Russia"*.
9. Russian Federation Government Resolution № 19 of January 19, 2004 *"On Adoption of Rules for the Approval of Investment Programs of Natural Monopoly Entities of the Electric Power Industry"*.
10. Russian Federation Government Resolution № 24 of January 21, 2004 (as amended by Resolution of 01.02.2005 № 49) *"On Approval of Standards for the Information Disclosure by Participants of Wholesale and Retail Power Markets"*.
11. Russian Federation Government Resolution № 109 of February 26, 2004 (as amended by Resolutions of 31.12.2004 № 893, of 17.10.2005 № 620, of 11.11.2005 № 676, of 07.12.2005 № 738, of 29.05.2006 № 330, of 31.08.2006 № 529, of 31.08.2006 № 530, of 29.12.2006 № 830, of 21.03.2007 № 168, of 07.04.2007 № 205, of 29.12.2007 № 951) *"On Formation of Prices for Electric and Thermal Power in the Russian Federation"*.
12. Russian Federation Government Resolution № 123 of March 3, 2004 (as amended by Resolution of 01.02.2005 № 49) *"On Approval of the Rules for the Revocation of both Tariff Regulation Decisions Made by Executive Authorities of the Russian Federation Constituents and Decisions Made By Institutions of Local Governing in pursuance of their Powers with regard to State Regulation of Tariffs for Thermal Power"*.
13. Russian Federation Government Resolution № 136 of March 4, 2004 (as amended by Resolution of 29.05.2006 № 330) *"On Approval of a Standard Provision for the Body of Executive Power of the Russian Federation Constituents Functioning in the field of State Regulation of Tariffs"*.
14. Russian Federation Government Resolution № 854 of December 27, 2004 (as amended by Resolutions of 06.05.2006 № 273, of 31.08.2006 № 530) *"On Approval of Dispatching Rules in Electric Power Industry"*.
15. Russian Federation Government Resolution № 861 of December 27, 2004 (as amended by Resolutions of 31.08.2006 N 530, of 21.03.2007 N 168, of 26.07.2007 N 484) *"On approval of rules for non-discriminatory access to power transmission services and rendering of these services, rules for non-discriminatory access to dispatching services in electric power industry and rendering of these services, rules for non-discriminatory access to services rendered by the Administrator of Trading System functioning within the wholesale power market and rendering of these services, and rules for technological attachment of power receiving devices (power plants) owned by legal entities and natural persons to power grids"*.



16. Russian Federation Government Resolution № 81 of February 16, 2005 (as amended by Resolution of 31.08.2006 № 529) *"On identification of sources to reimburse exploiting organizations, which are working in the field of nuclear power use, their costs involved in guaranteeing their appropriate functioning and executing their functions"*.
17. Russian Federation Government Resolution № 291 of May 6, 2005 (as amended by Resolution of 23.05.2006 № 307) *"On Approval of the Provision which Allows Citizens to be Granted a License to Sell Electric Power"*.
18. Russian Federation Government Resolution № 738 of December 7, 2006 (as amended by Resolution of 20.06.2007 № 388) *"On forming the source of funds to be used as payment for services related to ensuring capacity reserve and financing generation companies in order to prevent capacity deficit"*.
19. Russian Federation Government Resolution № 41 of January 26, 2006 *"On Criteria for the Assignment of Electric Grid Facilities to the Unified National (All-Russian) Power Grid"*.
20. Russian Federation Government Resolution № 151 of March 20, 2006 *"On Licensing Activities Performed by Assignees of Joint-Stock Power and Electrification Companies and Other Natural Monopoly Subjects in the Electric Power Industry"*.
21. Russian Federation Government Resolution № 355 of June 6, 2006 *"On the Specifics of Functioning of Business Entities Operating in the Power Sector Mainly with the Purpose of Satisfying their Own Production Needs"*.
22. Russian Federation Government Resolution № 529 of August 31, 2006 (as amended by Resolution of 07.04.2007 № 205) *"On Improving Operations of the Wholesale Electricity (Capacity) Market"*.
23. Russian Federation Government Resolution № 530 of August 31, 2006 (as amended by Resolutions of 16.07.2007 № 450, of 29.12.2007 N 951, of 29.12.2007 N 996) *"On Approving the Rules of Operation of Retail Electricity Markets during the Transition Period of Electricity Industry Restructuring"*.
24. Russian Federation Government Resolution № 628 of October 27, 2006 *"On approving the rules for implementing control over legal entities and individual entrepreneurs in order to prevent them from combining transmission and dispatching activities with generation and sales ones and on amending the Provision on the Federal Antimonopoly Service approved by the Russian Federation Government Resolution № 331 of June 30, 2004"*.
25. Russian Federation Government Resolution of 23.07.2007 № 465 *"On Providing Financial Aid to Budgets of Constituent Entity of the Russian Federation in order to Eliminate Interregional Cross-Subsidizing in the Electric Power Industry"*.
26. Russian Federation Government Resolution of 26.07.2007 № 484 *"On Repair Works and Decommissioning of Electric Power Industry Facilities"*.

Russian Federation Government Decrees

1. Russian Federation Government Decree № 1252-r of September 1, 2003 (as amended by Decree of 07.10.2004 № 1288-r) *[On Assignment of Representatives of Federal Executive Authorities to the Supervisory Board of the Non-Commercial Partnership "Administrator of the Trading System of the Wholesale Power (Capacity) Market"]*.
2. Russian Federation Government Decree № 1254-r of September 1, 2003 (as amended by Decree of 25.10.2004 № 1367-r) *[On Formation of Generation Companies of the Wholesale Power Market]*.
3. Russian Federation Government Decree № 1754-r of December 1, 2003 *[On Approval of the Program for Changing Levels of State Regulated Prices (Tariffs) in Electric Power Industry]*.
4. Russian Federation Government Decree № 1939-r of December 29, 2003 *[On the Establishment of Seven Interregional Trunk Grid Companies]*.
5. Russian Federation Government Decree № 1802-r of December 22, 2006, *which approves the list of electric power (capacity) buyers, who participate in electric power (capacity) trading at regulated prices (tariffs) and according to conditions specified in long-term contracts concluded in 2006. Conditions of long-term contracts are specified in the Rules of wholesale electricity (capacity) market of the transition period.*
6. Russian Federation Government Decree № 765-r of June 11, 2007 *[On the Plan of Measures Related to Power Sector Restructuring in 2007–2008]*.



Orders by the Ministry for Industry and Energy of the Russian Federation and FTS (Federal Tariff Service) and FEC (Federal Energy Commission) Regulations

1. Order by the Ministry for Industry and Energy of the Russian Federation № 58 dated March 28, 2005 (as amended by Order of 21.07.2005 № 213) *"On Approval of the List of Technical Regulations in the Electric Power Industry"*.
2. Order by the Ministry for Industry and Energy of the Russian Federation № 119 dated June 14, 2005 *"On the minimum size of assets (capital) to be owned by companies wishing to sell electric power to the population"*.
3. Order by the Ministry for Industry and Energy of the Russian Federation № 136 dated June 28, 2006 *"On approval of the rules for calculating generation capacity of plants to be commissioned proceeding from the results of a tender of investment projects designed to create an adequate capacity reserve, as well as the rules for finding an appropriate location for the mentioned generation facilities and determining the dates of their establishment and commissioning"*.
4. Order by the Ministry for Industry and Energy of the Russian Federation № 137 dated June 29, 2006 *"On approval of rules for conducting tenders of investment projects designed to create an adequate capacity reserve to be used for producing electric power"*.
5. Order by the Ministry for Industry and Energy of the Russian Federation № 164 of July 20, 2006 (as amended by Order of 25.06.2007 № 221) *"On certification of persons working in the field of dispatching in the electric power industry"*.
6. Order by the Ministry for Industry and Energy of the Russian Federation № 256 of October 13, 2006 *"On approval of types of power plants, which are subject to differentiation of economically feasible expenses on electricity generation (capacity not included) in order to reveal price manipulation in the wholesale market"*.
7. Order by the Ministry for Industry and Energy of the Russian Federation № 49 of February 22, 2007 *"On calculation of values of the ratio between active and reactive capacity of separate power receiving devices(power receiving device groups) of electric power consumers, which are used for determining the obligations of parties under agreements for the providing of power transmission services(power supply contracts)"*.
8. Order by the Ministry for Industry and Energy of the Russian Federation № 135 of April 23, 2007 *"On identification of consumer groups that are subject to differentiation of terms of contracts for the purchase and sale of electric power (capacity) at regulated prices (tariffs) concluded in the wholesale market"*.
9. Order by the Ministry for Industry and Energy of the Russian Federation № 315 of August 10, 2007 *"On the approval of the procedure for calculating the amounts of funding provided for the liquidation of interregional cross subsidization in the electric power industry, to companies that are subject to them"*.
10. FTS Order № 20-e/1 of August 6, 2004 *"On approval of the procedure, according to which joint-stock companies established in the process of reorganization will gain the status of wholesale electricity (capacity) market participants"*.
11. FTS Order № 20-e/2 of August 6, 2004 (as amended by Order of 23.12.2007 № 385-e/1) *"On Approval of Instructional Guidelines for the Calculation of Regulated Tariffs and Prices for Electric (Thermal) Power in the Retail (Consumer) Market"*.
12. FTS Order № 43-e/2 of August 24, 2004 (as amended by Order of 07.11.2006 № 253-e/10) *"On Approval of Instructional Guidelines for the Calculation of Tariffs for Services Provided to Ensure Functioning of the Trading System of the Wholesale Power (Capacity) Market"*.
13. FTS Order № 44-e/3 of August 24, 2004 (as amended by Order of 24.05.2005 № 212-e/2) *"On approval of instructional guidelines for the calculation of the cost of deviations of real-time quantities of electric power produced (consumed) by market participants from the volumes preplanned in the hourly production (consumption) schedule"*.
14. FTS Order № 45-e/4 of August 24, 2004 (as amended by Order of 31.07.2007 № 137-e/5) *"On Approval of Instructional Guidelines for the Calculation of Tariffs for Dispatching Services in the Electric Power Industry"*.



15. FTS Order № 69-e/4 of September 7, 2004 (as amended by Order of 02.08.2005 № 337-e/5) *"On threshold levels of tariffs for electric and thermal power set for 2005-2006"*.
16. FTS Order № 111-k of October 11, 2004 *"On approval of the consideration procedure with regard to issues concerning repeal of certain decisions taken by executive authorities of the subjects of the Russian Federation in the field of tariff regulation, as well as decisions taken by local authorities in pursuance of their powers in the field of regulation of tariffs for thermal power, and on approval of the list of documents necessary to consider repeal applications"*.
17. FTS Order № 236-e of December 7, 2004 (as amended by Order of 07.08.2006 № 150-e) *"On approval of the procedure of consideration of decisions, taken by executive authorities of the subjects of the Russian Federation in the field of tariff regulation, on setting of tariffs that are above or under threshold levels fixed by federal executive authorities in connection with tariff regulation"*.
18. FTS Order № 130-e of April 8, 2005 (as amended by Order of 15.01.2007 № 3-e) *"On adoption of regulations to set tariffs for electric (thermal) power (capacity) (and (or) their threshold levels) and for services provided in wholesale and retail power (capacity) markets"*.
19. FTS Order № 275-e/4 of July 5, 2005 (as amended by Order of 31.07.2007 № 136-e/4) *"On Approval of Instructional Guidelines for the Calculation of Threshold (Maximum and (or) Minimum) Tariff Levels and of Tariffs for the Output (Services) Provided by the Companies Performing Regulated Activities"*.
20. FTS Order № 320-e/1 of July 26, 2005 (as amended by Order of 18.05.2007 № 112-e/5) *"On approval of methods and conditions of making payments for services directed at appropriate work and development of the unified energy system of Russia"*.
21. FTS Order № 323-e/4 of July 26, 2005 *"On approval of methods designed to include costs for maintenance of the social infrastructure of the Federal state unitary enterprise "Russian state concern for electrical and heat energy production in nuclear power plants" and of other nuclear organizations supplying energy to the wholesale market"*.
22. FTS Order № 853-e/4 of December 29, 2005 (as amended by Order of 10.11.2006 № 254-e/1) *"On approval of the maximum amount by which set tariffs for goods and services provided by communal organizations may be increased/lowered (with account of markups for prices of their goods and services), of threshold amount by which it is permitted to increase/lower accomodation payments and payments for communal services for the population, of maximum tariffs for thermal power, excluding thermal power generated by power plants, which produce both electric and thermal power, for 2006"*.
23. FTS Order № 19-e/4 of February 10, 2006 *"On the reporting system, within the framework of which organizations working in the field of regulated pricing in the electric power industry should present information to the Federal Tariff Service"*.
24. FTS Order № 56-e/1 of 21.03.2006 (as amended by Order of 18.12.2007 № 521-e/43) *"On approval of instructional guidelines for the calculation of tariffs for electricity transmission services (transmission of electricity through the Unified National (all-Russian) Power Grid"*.
25. FTS Order № 139-e/7 of June 19, 2006 *"On exclusion of joint-stock companies from the list of commercial organizations – participants of the federal (all-Russian) wholesale electricity (capacity) market, tariffs for electric power supplied by which (i.e. payment for services provided by these JSC) are set by the Federal Tariff Service, and on the deprivation of their right to participate in the regulated sector of the wholesale electricity (capacity) market"*.
26. FTS Order № 166-e/1 of August 1, 2006 *"On threshold levels of tariffs for thermal and electric power set for 2007"*.



27. FTS Order № 168-e/3 of August 1, 2006 (as amended by Order of 11.08.2006 № 179-e/1) "On approval of the maximum amount by which set tariffs for goods and services provided by communal organizations may be increased/lowered (with account of markups for prices of their goods and services), of threshold amount by which it is permitted to increase/lower accomodation payments and payments for communal services for the population, of maximum tariffs for thermal power, excluding thermal power generated by power plants, which produce both electric and thermal power, for 2007".
28. FTS Order № 199-e/6 of September 15, 2006 "On approval of guidelines for the calculation of tariffs for electric power and capacity for purchase-and-sale agreements at regulated tariffs (prices) on the wholesale market".
29. FTS Order № 219-e/4 of October 17, 2006 "On approval of coefficients used to calculate capacity costs in case suppliers fail to fulfill their obligations related to availability of their generation equipment and power quality requirements".
30. FTS Order № 302-e/5 of October 10, 2006 "On approval of guidelines for the calculation of sales surpluses for last-resort suppliers of electric power".
31. FTS Order № 286-e/9 of November 17, 2006 "On approval of the mechanism of establishing and managing the federal information register on last-resort suppliers and their areas of activities".
32. FTS Order № 319-e/7 of November 28, 2006 (as amended by Order of 29.12.2006 № 486-e/7) "On approval of indicative prices and tariffs of electric power and capacity for participants of the wholesale electric power (capacity) market".
33. FTS Order № 325-e/5 of December 1, 2006 "On approval of coefficients used to calculate the price of capacity for consumers when the actual volume of capacity differs from the planned volume of capacity".
34. FTS Order № 348-e/12 of December 5, 2006 (as amended by Order of 07.12.2007 № 315-e) "On approval of formulas for the indexation of regulated prices (tariffs) of electric power (capacity), used in agreements for the sale and purchase of electric power (capacity), the rules of their application, as well as the method of setting planned and actual values to be used in the specified formulas".
35. FTS Order № 349-e/13 of December 5, 2006 "On approval of the method of accounting for deviations of actual values of electric power production by hydro electric plants from prognosis data that was used when setting tariffs for 2007, in the formula of electric power price indexation".
36. FTS Order № 484-e/5 of December 29, 2006 (as amended by Order of 30.10.2007 № 317-e/7) "On tariffs for electric power (capacity) sold in the wholesale market under contracts concluded within the framework of threshold (maximum and minimum) volumes of trade in electric power (capacity) at regulated prices (tariffs)".
37. FTS Order № 485-e/6 of December 29, 2006 "On threshold levels of economically feasible expenses on electricity generation (capacity not included) used to reveal price manipulation in the wholesale electricity (capacity) market".
38. FTS Order № 11-e/11 of January 30, 2007 "On approval of the procedure of implementing tariffs (indicative prices) for electric power (capacity)".
39. FTS Order № 67-e/4 of April 11, 2007 "On limited tariffs for electric and thermal power for 2008".
40. FTS Order № 180-e of July 7, 2007 "On amending the method of implementing electric power tariffs for the operational additional optimization of unified energy system of Russia work modes, approved by Federal Energy Commission Resolution № 111-e/10 of December 29, 2003".
41. FTS Order № 166-e/1 of August 21, 2007 "On approving the rules for calculating the cost of electric power(capacity) supplied to the retail power market at regulated prices (tariffs), payment for deviations of real-time quantities of electric power consumed from the volumes preplanned, as well as compensation of costs incurred as a result of a change in preplanned volumes of electric power consumption".



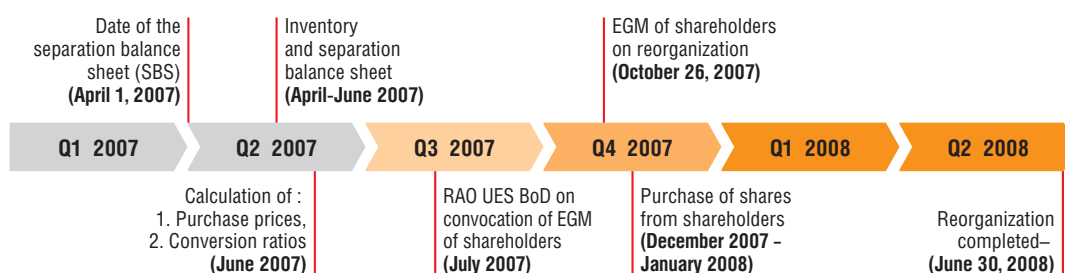
42. FTS Order № 225-е/4 of September 4, 2007 *"On approval of the rules of formation of the consolidated budgeted balance sheet of production and supplies of electric power (capacity) within the unified energy system of Russia by constituent entity of the Russian Federation"*.
43. FTS Order № 262-е/11 of September 28, 2007 (as amended by Order of 18.12.2007 № 330-е) *"On approval of guidelines for calculating indicative prices for electric power and capacity for buyers-participants of the wholesale electric power (capacity) market in order to form regulated contracts, to be concluded in the corresponding period of regulation"*.
44. FTS Order № 439-е/26 of September 28, 2007 *"On approval of guidelines for calculating tariffs of electric power (capacity), sold (purchased) through contracts on the wholesale market within marginal (minimum and maximum) volumes of sales of electric power (capacity) at regulated prices (tariffs) intended for the export (import) to energy systems of foreign states"*.
45. FTS Order № 277-е/7 of October 23, 2007 *"On approval of guidelines of calculating the charge for technological connection to electric power grids"*.
46. FTS Order № 537-е/5 of December 25, 2007 *"On approval of indicative prices and tariffs of electric power and capacity for buyers-participants of the wholesale electric power (capacity) market"*.
47. FTS Order № 544-е/2 of December 28, 2007 *"On approval of tariffs for electric power (capacity) sold (purchased) through contracts on the wholesale market within marginal (minimum and maximum) volumes of sales of electric power (capacity) at regulated prices (tariffs) intended for the export (import) to energy systems of foreign states"*.



REORGANIZATION OF RAO UES OF RUSSIA

Pursuant to the decisions of the Russian Federation Government related to the restructuring of the Russian power sector most changes to occur in the structure of companies of the RAO UES Holding were implemented in 2006. Now it is possible to start reorganization of the parent company – RAO "UES of Russia". In **November 2005** the Committee on reorganization of RAO "UES of Russia" was established*.

Now a scheme which involves a two-stage reorganization of RAO "UES of Russia" is being implemented.



At the first stage (late 2006 – 2007) two thermal generation companies (WGC-5 and TGC-5) were spun off from RAO "UES of Russia" thus allowing to work through the mechanism of combined reorganization – reorganization by means of a spin-off of the intermediate company and its simultaneous merger with the target company.

Preparations for the first stage of reorganization of RAO "UES of Russia" have started **since the beginning of 2006**. On July 28, 2006 the RAO UES Board of Directors approved the model for the 1st stage of reorganization. On September 22, 2006 the Board of Directors decided to convene an extraordinary general meeting of shareholders of RAO "UES of Russia" to address the reorganization of the parent company.

The key event – the general meeting of shareholders of RAO "UES of Russia" on reorganization – took place on **December 6, 2006**. The shareholders approved the implementation plan for the 1st stage of reorganization of the company prepared by the RAO UES Board of Directors.

The 1st stage of the reorganization was completed on **September 3, 2007** when WGC-5 and TGC-5 were spun-off from the Holding Company. The separation of the stipulated companies was implemented in the form of spin-offs of the intermediate companies WGC-5 Holding Company and TGC-5 Holding Company, with RAO "UES of Russia"-owned WGC-5 and TGC-5 shares being transferred to their balances, and their simultaneous mergers with WGC-5 and TGC-5 respectively.

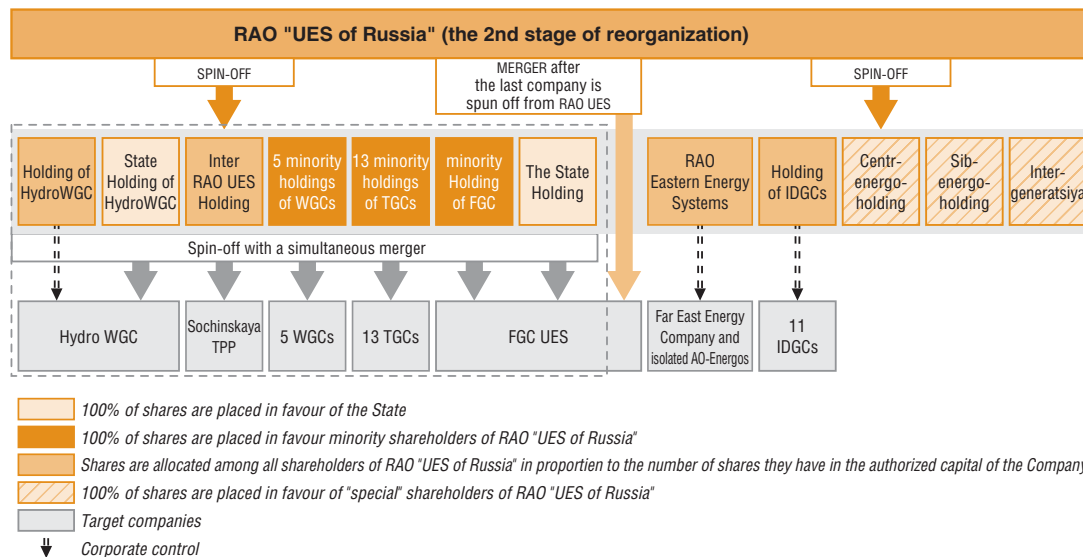
The shares of WGC-5 Holding Company and TGC-5 Holding Company were allocated among the shareholders of RAO "UES of Russia" and at the same time converted into the shares of target WGC-5 and TGC-5 correspondingly using share conversion ratios approved by the general meeting of shareholders of RAO "UES of Russia". Thus the shareholders of RAO "UES of Russia" acquired shares in WGC-5 and TGC-5.

On October 26, 2007 the General Meeting of RAO UES Shareholders, in general, approved the scheme for the final stage of the reorganization of RAO "UES of Russia".

It is planned to complete all measures of the final stage of the reorganization of RAO "UES of Russia" and create the sector's target structure companies **by June 30, 2008**.

* Order № 744 of November 14, 2005.





It is the main aim of the final reorganization of RAO "UES of Russia" to protect interests of all of the company's shareholders by means of dividing RAO UES assets into two groups: assets that should be transferred to the State and assets that should be transferred to minority shareholders, depending on the interest of the State and minority shareholders in the capital of RAO "UES of Russia".

The final reorganization of RAO "UES of Russia" implies that the following companies will be spun off from the parent company:

1. The State Holding Company, which will receive state-owned stakes in:

- FGC UES to a volume that is proportional to State interest in the authorized capital of RAO "UES of Russia" as of the moment that the decision on the reorganization was made;
- trunk grid companies;
- thermal generation companies (WGCs and TGCs) or assets to be acquired after the sale of state-owned shareholdings in WGCs/TGCs (part of the shares in these companies that appertain to the State interest in the authorized capital of RAO "UES of Russia").

2. HydroWGC State Holding Company, which will acquire HydroWGC shares (to a volume that is proportional to State interest in the authorized capital of RAO "UES of Russia" as of the moment that the decision on the reorganization was made) and state-owned stakes in thermal WGCs and TGCs or assets to be acquired after the sale of shareholdings in WGCs/TGCs.

All shares (100%) of State Holding Company and of HydroWGC State Holding Company are to be allocated in favour of the State, excluding stakes in these companies that are to be distributed in favor of shareholders that voted against the reorganization at the Extraordinary general meeting of Shareholders on the reorganization issue.

The above mentioned state holding companies will be established as intermediary companies. Spin-off of both the State Holding and the State Holding of HydroWGC will be accompanied by a simultaneous merger of these companies with and into FGC UES and HydroWGC respectively. This will help to ensure direct participation of the State in FGC UES and HydroWGC.



Due to acquisition of the state-owned shareholdings in WGCs and TGCs by FGC UES the interest of the State in FGC UES will increase to no less than 75% + 1 share and 50% +1 share in HydroWGC. In the future the state-owned shares of thermal generation companies will be sold. Cash proceeds from the sale of shares will be used for financing the investment deficit of FGC UES and HydroWGC.

The general meeting of shareholders of RAO "UES of Russia" will approve the separation balance sheet, which will include the rules of legal succession that shall be an integral part of the separation balance sheet.

The rules of legal succession specify the main principles of accounting and distribution of property, rights and duties of the parties during the transition period (from the date of approval of the separation balance sheet (April 1, 2007) to the date of completion of RAO UES reorganization), including:

- a standstill period (moratorium) for the sale of minority stakes in target companies;
- cash proceeds from the sale of stakes in WGCs/TGCs or property purchased using these cash proceeds must belong to the company (the State Holding) which owns the mentioned stakes according to the separation balance sheet.

Due to the main principles of accounting specified in the rules of legal succession RAO "UES of Russia" has an opportunity to sell its shares of WGCs/TGCs appertaining to the government stake. Cash proceeds from the sale of shares will be used as payment for FGC UES shares. The shares of FGC UES bought in this way will increase the state-owned share in FGC, which later will be acquired by the State Holding.

Target companies will issue additional shares to the value of heat generation companies appertaining pursuant to the separation balance sheet to the balances of FGC UES and 50% +1 share in HydroWGC. State-owned shares of the State Holding Companies will then be converted into these additional shares. This will help to increase the interest of the State in the authorized capital of FGC UES to no less 75% +1 share and 50% +1 share in HydroWGC.

3. Special holding companies that are being spun-off during the reorganization pursuant to amendments made to the reorganization scheme, that were approved by the RAO "UES of Russia" Board of Directors (Minutes № 250 of 27.04.2007).

In order to consider the position of shareholders to a fuller extent during the final stage of the reorganization of the Company, **on April 27** the RAO "UES of Russia" Board of Directors approved amendments to the Company's reorganization scheme. These amendments provide for the possibility of spin-offs from RAO "UES of Russia" of companies, shares in each of them being distributed to a particular RAO "UES of Russia" shareholder excluding shares in these companies that are to be allocated in favour of shareholders who voted against the reorganization at the Extraordinary General Meeting of Shareholders on the reorganization issue. Shareholdings in thermal generation companies, FGC UES, HydroWGC and other assets pertaining to the interest of this shareholder in the authorized capital of RAO "UES of Russia" will be transferred to the balances of these companies.

The Board of Directors offered minority RAO "UES of Russia" shareholders the possibility to submit to the Company their proposals on the establishment of special holding companies during the final reorganization of the Company. These proposals are to be submitted within a specified time frame and according to an approved public procedure.

Herewith, apart from the right to submit proposals on the establishment of special holding companies, RAO "UES of Russia" shareholders has the right to make collective proposals on the redistribution of their allocated shareholdings in thermal generation companies between special holding companies as part of the RAO "UES of Russia" separation balance sheet on the basis of redistribution coefficients approved by the Board of Directors. Such proposals were reviewed by the RAO "UES of Russia" Board of Directors **on July 27, 2007** and were taken into consideration when drafting the separation balance sheet.

Proposals on the establishment of special holding companies were made by three RAO "UES of Russia" shareholders. All three proposals were reviewed and approved by the RAO "UES of Russia" Board of Directors **on May 25, 2007**. As a result three special holding companies – Centrenergoholding, Sibenergoholding and Intergeneration will be additionally spun-off from RAO "UES of Russia". Within the authorized capital of these companies the interest of the corresponding minority shareholders (special shareholders) will be dominant.



4. Several minority holding companies:

- FGC UES Minority Holding Company, which owns a minority stake in FGC UES (48% of RAO UES-owned shares);
- HydroWGC Minority Holding Company which owns a minority stake in HydroWGC;
- 5 minority holding companies of WGCs, with each of them owning a minority stake in one of the WGCs (all thermal WGCs, excluding WGC-5 to be spun off during the 1st stage of reorganization).
- 13 minority holding companies of TGCs, with each of them owning a minority stake in one of the TGCs (all TGCs, excluding TGC-5 to be spun off during the 1st stage of reorganization).

All shares of FGC UES Minority Holding Company and minority holding companies of WGCs/TGCs are allocated among minority shareholders of RAO "UES of Russia" excluding special shareholders. Establishment of minority holdings will be parallel to their merger with and into corresponding target companies.

Such allocation of assets will help to:

- Fix the parts of RAO UES assets to be allocated in favour of the State and minority shareholders of RAO "UES of Russia" respectively.
- Make individual decisions concerning disposition of state-owned assets and assets owned by minority shareholders of RAO "UES of Russia".

5. Holding Companies. In addition to the State and minority holding companies, which will be controlled by the State and minority shareholders respectively, there will be several holding companies, the shares of which will be proportionally distributed among the State and minority shareholders of RAO "UES of Russia". These are:

- Inter RAO Holding Company, owning shares of closed joint-stock company Inter RAO UES and assets to be contributed as payment for the authorized capital of Inter RAO UES (with its simultaneous merger with and into Sochinskaya CHPP);
- IDGC Holding Company, owning shares of IDGCs and distribution grid companies;
- Holding Company of the Far East and isolated energy systems, owning shares of Far East Energy Company and shareholdings in the companies located in isolated energy systems.

6. SO-CDA UES, in the authorized capital of which RAO "UES of Russia" has 100% interest, ***will not be spun-off during the reorganization.***

Pursuant to the separation balance sheet SO-CDA UES shares shall be allocated among State Holding Company, special holding companies and minority holding companies of thermal WGCs/TGCs in proportion to the interest of the State, special shareholders and minority shareholders in the RAO "UES of Russia" authorized capital respectively. Herewith the distribution of the minority shareholding in SO-CDA UES among minority shareholders will be uniform.

During the time before the reorganization is completed SO-CDA UES shares distributed to the balances of minority holding companies of thermal WGCs/TGCs may be sold. In this case according to the rules of legal succession, which are an integral part of the separation balance sheet, minority holding companies and further on target companies will receive cash assets to the value of the SO-CDA UES shareholding allocated to the balance of this minority holding company.

When the spin-off of all of the established companies is completed, RAO "UES of Russia" which pursuant to the separation balance sheet will retain on its' balance a part of the assets that do not pertain to technological activities of the sector's target structure companies will merge with FGC UES. Thus, RAO "UES of Russia" shareholders will receive interest in FGC UES not only as shareholders of the spun-off State Holding Company and FGC UES Minority Holding Company, but also as RAO "UES of Russia" shareholders.



Thus, after completion of structural transformations the State will own:

- Over 75% of FGC UES shares (with account of budgetary funds and part of state-owned shares of WGCs/TGCs);
- 100% of SO shares (with account of budgetary funds);
- Over 50% of HydroWGC shares (with account of budgetary funds and part of state-owned shares of WGCs/TGCs);
- Over 50% of Sochinskaya CHPP shares (Inter RAO UES);
- Over 52% of shares in IDGC Holding Company and Holding Company of the Far East.

It is important to note that having an opportunity to sell state-owned shareholdings in thermal WGCs and TGCs the State may cease participation in thermal generation companies.

It is supposed that minority shareholders will own:

- Up to 100% of shares of thermal generation companies;
- Under 25% of FGC UES and SO shares;
- Under 50% of HydroWGC and Inter RAO UES shares;
- About 48% of shares in IDGC Holding Company and Holding Company of the Far East.

Distribution of share in the spun-off companies among minority RAO "UES of Russia" shareholders will depend upon their position during the voting process at the Extraordinary General Meeting of Shareholders of RAO "UES of Russia" on the reorganization issue.

Distribution of shares after the reorganization of RAO UES of Russia					
WGC-1	TGC-1	TGC-14			
WGC-2	TGC-2	Mosenergo			IDC Holding Company
WGC-3	TGC-4	Volzhskaya TGC			RAO Eastern Energy Systems
WGC-4	TGC-5*	SGC TGC-8	FGC UES		
WGC-5*	TGC-6	Kuzbassenergo	HydroWGC		RAO UES International (Sochinskaya TPP)
WGC-6	TGC-9	Yeniseyskaya			
TGC-10	TGC-11	TGC (TGC-13)			

■ The shares of the companies are distributed among all shareholders of RAO UES of Russia proceeding from their stakes in the Company's authorized capital. It should be noted that in this case the number of shares directly owned by the shareholders of RAO UES of Russia in these companies will depend on the way they vote on the reorganization issue. The shareholders voting "AGAINST" the reorganization or not voting at all**, will receive a less direct shareholding in completing heat generation companies and a larger one in state-controlled companies, i.e. HydroWGC and FGC UES, than the shareholders who vote "FOR" or "ABSTAIN**" on the reorganization issue.

■ The shares of the companies are distributed pro rata among all shareholders of RAO UES of Russia.

* Spun off during the first stage of reorganization of RAO UES of Russia.

** According to the legislation in force as of 1 August 2007.

If the shareholder voted FOR the reorganization of RAO "UES of Russia" or did not take part in the voting process, pursuant to the decision on the reorganization he will receive shares in thermal generation companies (WGCs/TGCs) depending on his interest in the authorized capital of RAO "UES of Russia".

Such a shareholder that voted FOR the reorganization will also receive shareholdings in FGC UES, HydroWGC, RAO Unified Energy Systems of the East, IDGC Holding Company, Sochinskaya CHPP(which has consolidated Inter RAO UES assets)) depending on his interest in the authorized capital of RAO "UES of Russia".

Conditions of share allocation to a shareholder who voted AGAINST the reorganization will differ from the conditions being given to a shareholder that approved the reorganization.

Pursuant to the Law "On Joint-Stock Companies" every shareholder of a company that is being reorganized who voted against the decision on the reorganization of the company must receive shares in each of the companies that were created during the reorganization of the company by means of a spin-off. These shares must grant the same rights as the shares that he owns in the reorganized company, in proportion to their amount.

If the shareholder voted AGAINST the decision on the reorganization of RAO "UES of Russia" pursuant to the decision on the reorganization he will receive proportional shareholdings in all of the companies spun-off during the reorganization of RAO "UES of Russia" including state and special holding companies.



As a result the shareholder will receive shares in thermal generation companies (WGCs/TGCs) in place of his interest in RAO "UES of Russia", but their amount will be smaller than that of a shareholder who voted FOR the reorganization. The decrease in the amount of shares in thermal generation companies (WGCs/TGCs) is compensated in shares in State Holding Company and HydroWGC State Holding Company, that are being spun-off and simultaneously merged into FGC UES and HydroWGC respectively, and 3 special holding companies – Centrenergoholding, Sibenergoholding and Intergeneration.

Thus, a shareholder who voted AGAINST the reorganization as a result of the reorganization will receive a smaller interest in the final authorized capital of competitive thermal generation companies and a slightly larger interest in state regulated companies than a shareholder who voted FOR the reorganization, while also receiving shares in special holding companies, fully controlled by shareholders who made the initiative to establish them.

A shareholder will be able to take part in the reorganization process and receive shares in spun-off companies to which he is entitled if and only if he did not submit his shares for repurchase and does not sell shares in RAO "UES of Russia" before the date set by the Board of Directors, when lists of shareholders of RAO "UES of Russia" in favour of which shares in companies spun-off from RAO "UES of Russia" shall be allocated are going to be drawn up.

Conditions for the allocation of shares in companies spun-off from RAO "UES of Russia" during the reorganization and the rate of their conversion into target company shares, in the case of simultaneous mergers of spun-off holding companies into target companies, were determined by the Extraordinary General Meeting of Shareholders of RAO "UES of Russia" on **October 26, 2007**.

By mid-January 2008 the Extraordinary General Meetings of Shareholders of subsidiaries to be spun-off during the reorganization (5 heat WGCs, 14 TGCs, HydroWGC, FGC UES) have approved the conditions of the final reorganization. Shareholders of ZAO Inter RAO UES, North-West CHPP, Kaliningrad CHPP-2 and Ivanovskie CCGTs have approved the merger with Sochinckaya CHPP, thus allowing to create a unified operational company on the basis of Sochinskaya CHPP, which is later to be renamed into OAO Inter RAO UES. In December of 2007 the Extraordinary General Meeting of Shareholders of 53 trunk grid companies (TrunkGCs) adopted decisions on the reorganization in the form of a merger of these TrunkGCs into FGC UES. The Extraordinary General Meeting of Shareholders of FGC UES adopted the decision on the merger of the following companies into FGC UES: RAO "UES of Russia", State Holding Company, FGC UES Minority Holding Company, 56 trunk grid companies and 7 interregional distribution grid companies (IDGCs).

Thus, **by mid-January 2008** all corporate decisions necessary for the completion of the final reorganization of RAO "UES of Russia", as well as its' subsidiaries were adopted.

In general, the scheme of the final reorganization allows to:

- take into consideration the interest of all RAO "UES of Russia" shareholder groups ;
- allocate proportionally the shares in target companies owned by RAO "UES of Russia" among RAO "UES of Russia" shareholders and/or companies that they duly specified;
- decrease state interest in potentially competitive activities within the electric power industry;
- provide for direct interest of the State in the authorized capital of FGC UES and HydroWGC at a level stipulated by Russian Federation legislation (75% +1 share in FGC UES, controlling stake in HydroWGC);
- eliminate the deficit in investment funding for the development of the grid system and hydrogeneration by means of state owned shareholdings in thermal generation companies being sold by FGC UES and HydroWGC.



In an attempt to protect the right of minority shareholders to acquire a certain number of shares of thermal generation companies, the general meeting of shareholders on RAO UES reorganization decided that in accordance with the Russian legislation during the reorganization period it will be prohibited for RAO "UES of Russia" to enter into transactions connected to the alienation of shares of target companies from the minority stake (or such transactions will be restricted).

On January 9, 2008 the repurchase of RAO "UES of Russia" shares from shareholders, that voted against the final reorganization of the company at the Extraordinary General Meeting of Shareholders on October 26, 2007 and submitted their shares for repurchase, was completed. 2 797 296 335 common shares and 404 885 193 privileged shares (7,43% of the total amount of Company shares) were submitted for repurchase. The repurchasing price was approved by the RAO "UES of Russia" Board of Directors on 27.07.2007 on the basis of the conclusion of an independent appraiser – Deloitte&Touche, it was set at 32,15 rubles per common share and 29,44 rubles per privileged share. Thus, the total value of the repurchase totaled 101852,9 million rubles, with respect to the legislatively stipulated provision that the repurchase volume may not exceed 10% of the value of net assets of the Company.

By the time the reorganization will have been completed (30.06.08), system-wide functions exercised by RAO "UES of Russia" should be fully transferred to the State, infrastructure and self-regulating organizations.



KEY STAGES AND THE SCHEME OF REORGANIZATION OF THE PARENT COMPANY RAO UES OF RUSSIA (beginning)

Established companies	Date of the separation balance sheet	Reorganized subsidiaries of RAO UES of Russia	Type of reorganization	The RAO UESR Board of Directors on approval of the type of reorganization	The RAO UESR Board of Directors on convocation of the EGM of shareholders on reorganization	EGM of shareholders of RAO UES of Russia on reorganization	EGM of shareholders of the reorganized subsidiary of RAO UES of Russia on reorganization	Target state (entry to be made to the USRLE on state registration of target holding companies/ merger of spun-off Holding companies)
1st stage of reorganization								
WGC-5 Holding	31.03.2006	WGC-5	spin-off and merger	№ 225 of 28.07.2006	№ 229 of 22.09.2006	06.12.2006	01.06.2007	03.09.2007
TGC-5 Holding	31.03.2006	TGC-5	spin-off and merger	№ 225 of 28.07.2006	№ 229 of 22.09.2006	06.12.2006	19.04.2007	03.09.2007
Completion of the reorganization								
TGC-1 Holding	31.03.2007	TGC-1	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	29.10.2007	30.06.2008 (forecast)
TGC-2 Holding	31.03.2007	TGC-2	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	05.12.2007	30.06.2008 (forecast)
TGC-3 Holding	31.03.2007	Mosenergo (TGC-3)	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	28.12.2007	30.06.2008 (forecast)
TGC-4 Holding	31.03.2007	TGC-4	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	29.10.2007	30.06.2008 (forecast)
TGC-6 Holding	31.03.2007	TGC-6	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	30.11.2007	30.06.2008 (forecast)
TGC-7 Holding	31.03.2007	Volzhskaya TGC (TGC-7)	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	20.11.2007	30.06.2008 (forecast)
TGC-8 Holding	31.03.2007	TGC-8	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	12.10.2007	30.06.2008 (forecast)
TGC-9 Holding	31.03.2007	TGC-9	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	25.10.2007	30.06.2008 (forecast)
TGC-10 Holding	31.03.2007	TGC-10	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	30.10.2007	30.06.2008 (forecast)
TGC-11 Holding	31.03.2007	TGC-11	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	17.11.2007	30.06.2008 (forecast)
TGC-12 Holding	31.03.2007	Kuzbassenergo TGC-12	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	31.10.2007	30.06.2008 (forecast)
TGC-13 Holding	31.03.2007	Yeniseyskaya TGC (TGC-13)	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	30.10.2007	30.06.2008 (forecast)
TGC-14 Holding	31.03.2007	TGC-14	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	20.11.2007	30.06.2008 (forecast)
WGC-1 Holding	31.03.2007	WGC-1	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	23.11.2007	30.06.2008 (forecast)
WGC-2 Holding	31.03.2007	WGC-2	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	31.10.2007	30.06.2008 (forecast)
WGC-3 Holding	31.03.2007	WGC-3	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	30.11.2007	30.06.2008 (forecast)
WGC-4 Holding	31.03.2007	WGC-4	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	05.10.2007	30.06.2008 (forecast)
WGC-6 Holding	31.03.2007	WGC-6	spin-off and merger	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	09.11.2007	30.06.2008 (forecast)
HydroWGC State Holding Company	31.03.2007			№ 245 of 02.03.2007				
HydroWGC Minority Holding Company	31.03.2007	HydroWGC	spin-off and merger	and № 250 of 27.04.2007	№ 256 of 27.07.2007	26.10.2007	12.10.2007	30.06.2008 (forecast)
State Holding Company	31.03.2007			№ 245 of 02.03.2007				
FGC Minority Holding	31.03.2007	FGC UES	spin-off and merger	and № 250 of 27.04.2007	№ 256 of 27.07.2007	26.10.2007	14.12.2007	30.06.2008 (forecast)



KEY STAGES AND THE SCHEME OF REORGANIZATION OF THE PARENT COMPANY RAO UES OF RUSSIA (end)

Established companies	Date of the separation balance sheet	Reorganized subsidiaries of RAO UES of Russia	Type of reorganization	The RAO UESR Board of Directors on approval of the type of reorganization	The RAO UESR Board of Directors on convocation of the EGM of shareholders on reorganization	EGM of shareholders of RAO UES of Russia on reorganization	EGM of shareholders of the reorganized subsidiary of RAO UES of Russia on reorganization	Target state (entry to be made to the USRLE on state registration of target holding companies/ merger of spin-off Holding companies)
	31.03.2007	RAO UES International	spin-off and merger	№ 245 of 02.03.2007 and № 250 of 27.04.2007	№ 256 of 27.07.2007	26.10.2007	19.12.2007	30.06.2008 (forecast)
	31.03.2007	RAO UES International (Sochinskaya TPP)	spin-off and merger	№ 245 of 02.03.2007 and № 250 of 27.04.2007	№ 256 of 27.07.2007	26.10.2007	18.12.2007	30.06.2008 (forecast)
	31.03.2007	North-Western CHPP	spin-off and merger	№ 245 of 02.03.2007 and № 250 of 27.04.2007	№ 256 of 27.07.2007	26.10.2007	19.12.2007	30.06.2008 (forecast)
	31.03.2007	Kalinin-gradskaya CHPP-2	spin-off and merger	№ 245 of 02.03.2007 and № 250 of 27.04.2007	№ 256 of 27.07.2007	26.10.2007	17.12.2007	30.06.2008 (forecast)
RAO UES INTERNATIONAL Holding	31.03.2007	Ivanovskiye CCGTs	spin-off and merger	№ 245 of 02.03.2007 and № 250 of 27.04.2007	№ 256 of 27.07.2007	26.10.2007	19.12.2007	30.06.2008 (forecast)
<i>Target holding companies to be spun off from RAO UES of Russia</i>								
Holding of IDGCs	31.03.2007	IDGCs following the results of introduction of amendments to the RF Government Resolution № 77-r of 26.01.2006	spin-off	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
	31.03.2007	Far East Energy Company	spin-off	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
	31.03.2007	Yakutskenergo	spin-off	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
	31.03.2007	Kolymaenergo	spin-off	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
	31.03.2007	Magadanenergo	spin-off	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
RAO Eastern Energy Systems	31.03.2007	Kamchatskenergo	spin-off	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
	31.03.2007	Sakhalinenergo	spin-off	№ 245 of 02.03.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
Centrenergo-holding	31.03.2007	—	spin-off	№ 250 of 27.04.2007 and № 252 of 25.05.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
Sibenergo-holding	31.03.2007	—	spin-off	№ 250 of 27.04.2007 and № 252 of 25.05.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)
Inter-generatsiya	31.03.2007	—	spin-off	№ 250 of 27.04.2007 and № 252 of 25.05.2007	№ 256 of 27.07.2007	26.10.2007	—	30.06.2008 (forecast)



KEY EVENTS AND PLANS

MEASURES FOR THE SPIN-OFF OF TARGET WGCs AND TGCs FROM RAO "UES OF RUSSIA" HOLDING COMPANY

26.10.2007 – The Extraordinary General Meeting of Shareholders of RAO "UES of Russia" adopted the following decisions:

■ To reorganize the following companies by means of a spin-off:

State Holding Company

Minority Holding Company FGC

State Holding Company HydroWGC

Minority Holding Company HydroWGC

WGC-1 Holding Company

WGC-2 Holding Company

WGC-3 Holding Company

WGC-4 Holding Company

WGC-6 Holding Company

TGC-1 Holding Company

TGC-2 Holding Company

Mosenergo Holding Company

TGC-4 Holding Company

TGC-6 Holding Company

VolgaTGC Holding Company

SGC TGC-8 Holding Company

TGC-9 Holding Company

TGC-10 Holding Company

TGC-11 Holding Company

Kuzbassenergo Holding Company

Yeniseyskaya TGC Holding Company

TGC-14 Holding Company

Inter RAO UES Holding Company

IDGC Holding Company

RAO Energy Systems of the East

Centrenergo Holding Company

Sibenergo Holding Company

Intergeneration

■ To reorganize *State Holding Company and Minority Holding Company FGC UES* by means of a merger with *FGC UES*;

■ To reorganize *State Holding Company HydroWGC and Minority Holding Company HydroWGC* by means of a merger with *HydroWGC*;

■ To reorganize *WGC and TGC Holding Companies* by means of a merger with the corresponding *WGCs and TGCs*;

■ To reorganize *Inter RAO UES Holding Company* by means of a merger with *Sochinskaya CHPP*;

■ To reorganize *RAO "UES of Russia"* by means of a merger with *FGC UES*;

■ Approved the mechanism and conditions of spinning-off **28 Holding Companies** from RAO "UES of Russia", as well as the coefficients of distribution of shares in each of the Holding Companies being spun-off from RAO "UES of Russia";

■ Approved the characteristics of the reorganization, in particular share conversion ratios, merger agreements, transfer acts for each of the Holding Companies being spun-off from RAO "UES of Russia":

– State Holding Company and Minority Holding Company FGC UES by means of a merger with FGC UES;

– State Holding Company HydroWGC and Minority Holding Company HydroWGC by means of a merger with HydroWGC;

– WGC and TGC Holding Companies by means of a merger with the corresponding WGCs and TGCs;

– Inter RAO UES Holding Company by means of a merger with Sochinskaya CHPP;

– RAO "UES of Russia" by means of a merger with FGC UES;

■ Boards of directors elected of the Holding Companies being spun-off.

Extraordinary General Meetings of Shareholders of all **18 generation companies** (WGCs and TGCs) have adopted decisions on the reorganization by means of a merger with WGC and TGC Holding Companies being spun-off from RAO "UES of Russia", and approved merger agreements and transfer acts.



including:

05.10.2007 – The Extraordinary General Meeting of Shareholders of **WGC-4** adopted the decision on the reorganization of the Company by means of a merger with **WGC-4 Holding Company**;

12.10.2007 – The Extraordinary General Meeting of Shareholders of **SGC TGC-8** adopted the decision on the reorganization of the Company by means of a merger with **SGC TGC-8 Holding Company**;

17.10.2007 – The Extraordinary General Meeting of Shareholders of **TGC-11** (wholly-owned subsidiary, competence of the Management Board of RAO "UES of Russia") adopted the decision on the reorganization of the Company by means of a merger with **TGC-11 Holding Company**;

25.10.2007 – The Extraordinary General Meeting of Shareholders of **TGC-9** adopted the decision on the reorganization of the Company by means of a merger with **TGC-9 Holding Company**;

29.10.2007 – The Extraordinary General Meeting of Shareholders of **TGC-1** adopted the decision on the reorganization of the Company by means of a merger with **TGC-1 Holding Company**;

29.10.2007 – The Extraordinary General Meeting of Shareholders of **TGC-4** adopted the decision on the reorganization of the Company by means of a merger with **TGC-4 Holding Company**;

30.10.2007 – The Extraordinary General Meeting of Shareholders of **TGC-10** adopted the decision on the reorganization of the Company by means of a merger with **TGC-10 Holding Company**;

30.10.2007 – The Extraordinary General Meeting of Shareholders of **Yeniseyskaya TGC (TGC-13)** adopted the decision on the reorganization of the Company by means of a merger with **Yeniseyskaya TGC Holding Company**;

31.10.2007 – The Extraordinary General Meeting of Shareholders of **WGC-2** adopted the decision on the reorganization of the Company by means of a merger with **WGC-2 Holding Company**;

31.10.2007 – The Extraordinary General Meeting of Shareholders of **Kuzbassenergo (TGC-12)** adopted the decision on the reorganization of the Company by means of a merger with **Kuzbassenergo Holding Company**;

09.11.2007 – The Extraordinary General Meeting of Shareholders of **WGC-6** adopted the decision on the reorganization of the Company by means of a merger with **WGC-6 Holding Company**;

20.11.2007 – The Extraordinary General Meeting of Shareholders of **Volga TGC (TGC-7)** adopted the decision on the reorganization of the Company by means of a merger with **Volga TGC Holding Company**;

20.11.2007 – The Extraordinary General Meeting of Shareholders of **TGC-14** adopted the decision on the reorganization of the Company by means of a merger with **TGC-14 Holding Company**;

23.11.2007 – The Extraordinary General Meeting of Shareholders of **WGC-1** adopted the decision on the reorganization of the Company by means of a merger with **WGC-1 Holding Company**;

30.11.2007 – The Extraordinary General Meeting of Shareholders of **WGC-3** adopted the decision on the reorganization of the Company by means of a merger with **WGC-3 Holding Company**;

30.11.2007 – The Extraordinary General Meeting of Shareholders of **TGC-6** adopted the decision on the reorganization of the Company by means of a merger with **TGC-6 Holding Company**;

05.12.2007 – The Extraordinary General Meeting of Shareholders of **TGC-2** adopted the decision on the reorganization of the Company by means of a merger with **TGC-2 Holding Company**;

28.12.2007 – The Extraordinary General Meeting of Shareholders of **Mosenergo (TGC-3)** adopted the decision on the reorganization of the Company by means of a merger with **Mosenergo Holding Company**.

30.06.2008 – Planned completion of the reorganization in the form of a merger and spin-off of target TGCs and WGCs.



MEASURES FOR TARGET STRUCTURE FORMATION OF INTER RAO UES (THE RENAMED SOCHINSKAYA CHPP)

The scheme of target structure formation of *Inter RAO UES* includes:

- the splitting of shares in Sochinskaya CHPP;
- renaming of Sochinskaya CHPP into Inter RAO UES;
- reorganization of Sochinskaya CHPP by means of a merger with Inter RAO UES, Kaliningrad CHPP-2, North-West CHPP, Ivanovskie CCGTs;
- the merger of *Inter RAO UES Holding Company* spun-off from RAO "UES of Russia" with Inter RAO UES (the renamed Sochinskaya CHPP).

15.11.2007 – state registration in the FSFM of the report on the results of the issues of shares in *Sochinskaya CHPP*, placed on 26.10.2007 by means of a conversion during the splitting of shares.

The Extraordinary General Meetings of Shareholders of *Inter RAO UES, Kaliningrad CHPP-2, North-West CHPP, Ivanovskie CCGTs* adopted the decision on the reorganization of the Companies by means of a merger with Sochinskaya CHPP.

Including:

17.12.2007 – Extraordinary General Meeting of Shareholders of *Kaliningrad CHPP-2*;

19.12.2007 – Extraordinary General Meeting of Shareholders of *Inter RAO UES, North-West CHPP and Ivanovskie CCGTs*.

18.12.2007 – The Extraordinary General Meeting of Shareholders of *Sochinskaya CHPP* (wholly-owned subsidiary, competence of the Management Board of RAO "UES of Russia") adopted the decision on the reorganization of the Companies by means of its merger with *Inter RAO UES, Kaliningrad CHPP-2, North-West CHPP, Ivanovskie CCGTs and Inter RAO UES Holding Company*, being spun-off from RAO "UES of Russia".

February 2008 – Planned renaming of *Sochinskaya CHPP* into *Inter RAO UES*.

April 2008 – Planned completion of *Sochinskaya CHPP* reorganization by means of a merger with *Inter RAO UES, Kaliningrad CHPP-2, North-West CHPP, Ivanovskie CCGTs*.

30.06.2008 – Planned completion of the merger of *Inter RAO UES Holding Company* spun-off from RAO "UES of Russia" with *Inter RAO UES*.



PLACEMENT OF ADDITIONAL SHARES AND SALE OF RAO UES OF RUSSIA-OWNED STAKES IN HEAT GENERATION COMPANIES

It is one of the main aims of the power sector reform to improve conditions for attracting private investments to the electric power industry. In 2006, when the structural reform was almost completed, we launched the investment stage of the reform.

On June 7, 2006 the Russian Federation Government adopted a decision to attract private investments in thermal generation companies, including measures related to placement of additional shares issued by these companies among investors.

As of December 31, 2007 the RAO UES Board of Directors approved the procedures and characteristics for the placement of additional issues of shares in all heat WGCs and TGCs (excluding TGC-14), as well as 2 energy sales companies. At the same time as the placements of additional issues of shares of heat generation companies a sale of RAO "UES of Russia"-owned stakes in WGCs and TGCs will be conducted.

Extraordinary general meetings of shareholders of generation companies decided to increase the authorized capitals of the companies by means of issuing additional shares with the aim of attracting investments in all heat generation companies, upon which the RAO "UES of Russia" Board of directors has adopted the decisions for additional issues of their shares. Including in the **4th quarter of 2007**:

30.10.2007 – EGM of Yeniseyskaya TGC (TGC-13)

28.11.2007 – EGM of WGC-1 (repeated EGM, new placement characteristics approved)

30.11.2007 – EGM of TGC-10

05.12.2007 – EGM of TGC-2

10.12.2007 – EGM of TGC-11

14.12.2007 – EGM of TGC-6, Volga TGC

29.12.2007 – EGM of Chelyabenergosbyt

As of December 31, 2007 projects involving placement of additional shares have been implemented by WGC-2, WGC-3, WGC-4, WGC-5, WGC-6, TGC-1, Mosenergo (TGC-3), TGC-5, SGC TGC-8, Kuzbassenergo (TGC-12). The volume of proceeds totaled 322,66 billion rubles.

The first project involving placement of additional shares was conducted by **WGC-5** and was completed in **November of 2006**. A total of 5,1 bln shares were placed at a price of 9 US cents thus allowing to attract around 12 billion rubles. Following the results of placement, the interest of RAO "UES of Russia" in WGC-5 fell from 87,5% to 75,03%. The share of minority shareholders grew up to 24,97%.



In the 4th quarter of 2007 additional issues of shares in the following companies were conducted.

On October 3, 2007 the placement of shares in **WGC-4** was completed. The WGC-4 Board of Directors set the placing price for additional shares at 3,3503 rubles per common share. The proceeds from the placement of WGC-4 totaled around 47 billion rubles, the additional shares were purchased by E.On.

On October 10, 2007 additional shares in **WGC-2** were placed. 52,1% of the additional issue volume was placed, including 31,96% that were acquired by Gazprom and 20,14% – by portfolio investors. The placing price equaled 0,16 USD per share (3,98 rubles). As a result of the placement of shares RAO "UES of Russia" remained the majority shareholder of the company – 65,53%, Gazprom – the largest minority shareholder – 12,8%. 24,8 billion rubles were attracted during the placement.

On October 19, 2007 an issue of additional **TGC-1** shares was conducted. The complete issue, excluding shares being placed to the company's shareholders as part of their preemptive right for the acquisition of the additionally issued shares, was acquired by Russian Energy Projects, an affiliate of Gazprom. The amount of assets gained through the additional share issue totaled 32,4 bln rubles (1280 million USD).

On November 19, 2007 the placement of additional shares in **SGC TGC-8** was completed. The complete issue was purchased at a price of 0,035 rubles per share by Gatecraft LTD, an affiliate of the LUKoil oil company. The value of the placement of the additional issue totaled 24 bln rubles (980 million USD).

On December 17, 2007 the results of the placement of **Kuzbassenergo (TGC-12)** shares were summed up. The placing price was set at 75 rubles per share, 44,61% of the issue was placed in favor of a strategic investor – SUEK pursuant to its' preemptive right for the acquisition of additional shares, the rest of the issue was purchased by portfolio investors. The amount of proceeds totaled 7,5 billion rubles (304 million USD). The interest of RAO "UES of Russia" in the capital of Kuzbassenergo as a result of the placement of additional shares totaled 42%.

On December 29, 2007 the placement of the additional issue of shares in **WGC-6** was completed. The placement was conducted at a price of 3,8 rubles per share through an open subscription, 46,63% of the issue was purchased by Gazenergoprom-Invest. 0,05% of the issue was placed in favor of portfolio investors. The volume of proceeds totaled 21,02 billion rubles (858 million USD). The interest of RAO "UES of Russia" in the capital of WGC-6 as a result of the placement of additional shares totaled 17,15%.

Projects for the sale of RAO "UES of Russia"-owned shareholdings in WGC-3, WGC-4, WGC-5, TGC-1, Mosenergo (TGC-3), SGC TGC-8, TGC-9 were implemented. The proceeds totaled 289,13 billion rubles.



In the 4th quarter projects for the sale of shareholdings in the following companies were completed:

On October 3, 2007 a shareholding in **WGC-4** worth 100 billion rubles, appertaining through the separation balance sheet to the interest of the Russian Federation (State Holding Company and HydroWGC State Holding Company), was sold simultaneously to the placement of additional shares. The buyer was the German company E.On. The volume of assets gained through the sale of WGC-4 shares, appertaining through the separation balance sheet to the balances of State Holding Company and HydroWGC State Holding Company, totaled 100 billion rubles. The interest of RAO "UES of Russia" in the capital of WGC-4 as a result of this sale and the placement of additional shares totaled 28,85%.

On October 19, 2007 a RAO "UES of Russia"-owned shareholding in **TGC-1**, appertaining through the separation balance sheet to the balances of State Holding Company and HydroWGC State Holding Company, was sold to Russian Energy Projects simultaneously to the placement of additional shares. The volume of assets gained through the sale of TGC-1 shares totaled 30,15 billion rubles (1191 million USD). The interest of RAO "UES of Russia" in the capital of TGC-1 as a result of the placement of additional shares and the sale of the "government stake" totaled 13,27%.

On November 19, 2007 Gatecraft LTD purchased a shareholding in **SGC TGC-8**, appertaining through the separation balance sheet to the balances of State Holding Company and HydroWGC State Holding Company, simultaneously to the placement of additional shares. The value of the sold shareholding equaled 17,25 billion rubles (704 million USD). The interest of RAO "UES of Russia" in the capital of SGC TGC-8 as a result of the placement of additional shares and the sale of the "government stake" totaled 11,35%.

On December 10, 2007 RAO "UES of Russia" accepted the bid of the strategic investor "IES-Holding" for the acquisition of a shareholding in **TGC-9** (33,94% of the company's authorized capital), owned by RAO "UES of Russia" and appertaining through the separation balance sheet to the balances of State Holding Company and HydroWGC State Holding Company. The transaction is valued at 15,49 billion rubles. It is expected that after the placement of additional shares and the sale of the "government stake" in TGC-9 in March of 2008, the interest of RAO "UES of Russia" in the capital of TGC-9 shall equal 16,11%.

On November 29, 2007 an agreement for the acquisition of **Mosenergo** shares (21,16% of the company's authorized capital), owned by RAO "UES of Russia" and appertaining through the separation balance sheet to the balances of State Holding Company and HydroWGC State Holding Company, was concluded between RAO "UES of Russia" and the Moscow Government. The transaction value totaled 54,67 billion rubles.

A total of 611,79 billion rubles was attracted through the placement of additional shares and the sale of shares, owned by RAO "UES of Russia" and appertaining through the separation balance sheet to the balances of State Holding Company and HydroWGC State Holding Company.

Proceeds from additional share issue placements will be used for the implementation of investment projects.



STRUCTURE OF IPO PROGRAM AS OF 18.01.2008 (beginning)

№	Name of generation company	RAO UES stake in the authorized capitals of GC before placement of additional shares (fact)	Method of placement	Placing price per 1 share, (approved by the BDs of GCs)	BoD of RAO UES to decide on the attitude towards additional share issue	EGM of shareholders of gen. companies on the increase of authorized capitals	BoD of gen. companies to set the placement price and the date of start of placement	Completion of placement	RAO UES stake in the authorized capitals of gen. companies following the results of IPO	Actual volume of capital inflow if compared with the authorized capital, %	The share of UES in GenCos with account of the sale of state-owned shareholdings
Completed projects											
1.	WGC-5	87,70%	Public offering to financial (European Bank for Reconstruction and Development), Gazprombank, Vnesheconbank – no more than 1% of additional shares) and portfolio investors; additional shares will be listed on the Russian stock exchanges.	241 approved in USD, at an exchange rate of 26,75 rub/USD	28.07.2006	31.08.2006	31.10.2006	30.11.2006	75,03%	14,41%	0%***
2.	TGC-5	64,83%	Placement of the total number of additional shares issued to IES Holding LLC.	0,035283 approved in USD,	08.12.2006	18.01.2007	07.05.2007	31.05.2007	47,45%	26,80%	0%***
3.	WGC-2	80,93%	Placement of 31,96% of the additional share issue in favour of Gazprom, 20,14% – in favour of portfolio investors. A total of 92,1% of the additional share issue placed.	3,98 approved in USD, at an exchange rate of 24,85 rub/USD	30.03.2007	22.06.2007	28.09.2007	10.10.2007	65,53%	19,10%	65,53%
4.	WGC-3	59,72%	Public (direct) offering to the strategic investor Norilsk Combine.	4,54	30.08.2006 08.12.2006*	18.12.2006	10.03.2007	23.03.2007	37,08%	37,90%	26,02%
5.	WGC-4	89,60%	Additional share issue fully placed, as well as "government stake" shares in favour of the German Company E.ON.	3,3503	30.08.2006 09.02.2007*	23.04.2007	15.09.2007	03.10.2007**	28,85%	22,04%	28,85%
6.	WGC-6	93,48%	Placement of 46,63% of the additional share issue in favour of Gazprom and 0,05% in favour of portfolio investors. A total of 46,68% of the additional share issue placed.	3,8	27.04.2007	29.06.2007	19.12.2007	29.12.2007	77,45%	17,15%	****
7.	TGC-1	55,70%	Additional share issue fully placed, as well as "government stake" shares in favour of a strategic investor – Russian Energy Projects (Gazprom affiliate).	0,035	09.02.2007	28.04.2007	15.09.2007	19.10.2007**	13,27%	24,18%	13,27%
8.	Mosenergo (TGC-3)	50,90%	Private subscription in favour of Gazprom and/or its affiliates. Sale of a shareholding pertaining to the "government stake" in favour of the Moscow Government.	5,28	29.09.2006	20.12.2006	date: 21.12.2006 price: 11.01.2007	24.05.2007	36,30%	28,93%	15,01%
9.	SGC TTK-8	54,00%	Placement of the full volume of the additional issue and the government stake in favour of a strategic investor – Gatecraft Ltd. (an affiliate of LUKoil).	0,035	30.03.2007	06.07.2007	18.10.2007	19.11.2007	11,35%	43,95%	11,35%
10.	Kuzbassenergo (TGC-12)	49,00%	Placement of 44,61% shares pursuant to the pre-emptive right in favour of a minority shareholder SUER. Placement of 55,39% shares in favour of several portfolio investors.	75	30.03.2007	06.09.2007	04.12.2007	17.12.2007	42,00%	14,16%	****
Energy Sales companies											
1.	Kaluga SC	52,25%	Unrestricted public offering to potential investors (public subscription).		31.08.2007	29.10.2007	20.02.2008	22.03.2008			
2.	Chelyabenergo-Sbyt	49,00%	Unrestricted public offering to potential investors (public subscription).		26.10.2007	29.12.2007	25.03.2008	26.04.2008			

* Characteristics to be precised at the RAO UESR BD.

** Time frame shifted pursuant to RAO UESR BD decision of 27.07.2007 № 256.

*** Company spun-off from OAO RAO "UES of Russia".

**** Share pertaining to the "government stake" are directly transferred to the state Holding Company balance and shall not be sold.

***** Sale of a shareholding pertaining to the "government stake" scheduled for May 2008.

STRUCTURE OF IPO PROGRAM AS OF 18.01.2008 (end)

N ^o	Name of generation company	RAO UES stake in the authorized capitals of GC before placement of additional shares (fact)	Method of placement	Placing price per 1 share, (approved by the BDs of GCs)	BoD of RAO UES to decide on the attitude towards additional share issue	EGM of gen. companies on the increase of authorized capitals	BoD of gen. companies to set the placement price and the date of start of placement	Completion of placement	RAO UES stake in the authorized capitals of gen. companies following the results of IPO	Actual volume of capital inflow if compared with the authorized capital, %	The share of UES in GenCos with account of the sale of state-owned shareholdings
Projects under way											
1.	WGC-1	91,68%	Public subscription, possible sale of a part of the additional share issue to a strategic investor, possible placement of a part of the additional share issue in the form of GDRs. Combined placement and government stake sale.		30.03.2007	22.06.2007 28.11.2007	15.03.2008	**			
2.	TGC-2	50,10%	Public offering to the unlimited number of potential investors (public subscription). Combined placement and government stake sale.		28.09.2007	05.12.2007	14.03.2008	**			
3.	TGC-4	47,31%	Parallel preparations for public and private share placements with the subsequent choice between public and private (strategic investor) options of placement (Dual Track technology). Combined placement and government stake sale.		27.04.2007	20.06.2007 EGM disruption 31.08.2007	30.01.2008	**			
4.	TGC-6	50,23%	Parallel preparations for public and private share placements with the subsequent choice between public and private (strategic investor) options of placement (Dual Track technology). Combined placement and government stake sale.		26.10.2007	14.12.2007	26.02.2008	**			
5.	Volzhszkaya TGC (TGC-7)	54,47%	Public offering to the unlimited number of potential investors (public subscription).		25.05.2007	16.11.2007 decision not made 14.12.2007	25.02.2008	**			
6.	TGC-9	50,05%	"Government stake" shares placed in favour of a strategic investor – "UES-Holding". Placement of additional shares to a strategic investor is scheduled to be completed before 01.03.2008.	0,00801	30.08.2006 09.02.2007*	28.05.2007	10.12.2007	17.12.2007 call for bids 01.03.2008			16,11%
7.	TGC-10	81,54%	Parallel preparations for public and private share placements with the subsequent choice between public and private (strategic investor) options of placement (Dual Track technology). Combined placement and government stake sale.		22.06.2007	30.11.2007	07.03.2008	**			
8.	TGC-11	50,46%	Parallel preparations for public and private share placements with the subsequent choice between public and private (strategic investor) options of placement (Dual Track technology). Combined placement and government stake sale.		26.10.2007	10.12.2007	25.02.2008	**			
9.	Yeniseyskaya TGC (TGC-13)	56,46%	Parallel preparations for public and private share placements with the subsequent choice between public and private (strategic investor) options of placement (Dual Track technology). Combined placement and government stake sale.		31.08.2007	30.10.2007	27.04.2008	**			
10.	TGC-14	49,66%	Based upon the results of approval of the characteristics by the RAO "UES of Russia" BD.				27.04.2008	**			

* Characteristics to be precised at the RAO UESR BD.

** Time frame to be determined by the board of directors of the generation company.

KEY EVENTS AND PLANS

ADOPTION OF DECISIONS ON THE CHARACTERISTICS AND MECHANISM OF ADDITIONAL SHARE PLACEMENT

Projects aimed at attracting investments through placements of additional issues of shares have started in **19 generation companies and 2 energy sales companies**:

- | | |
|--------------------|-------------------------------|
| ■ WGC-1 | ■ TGC-6 |
| ■ WGC-2 | ■ Volga TGC (TGC-7) |
| ■ WGC-3 | ■ SGC TGC-8 |
| ■ WGC-4 | ■ TGC-9 |
| ■ WGC-5 | ■ TGC-10 |
| ■ WGC-6 | ■ TGC-11 |
| ■ TGC-1 | ■ Kuzbassenergo (TGC-12) |
| ■ TGC-2 | ■ Yeniseyskaya TGC (TGC-13) |
| ■ Mosenergo(TGC-3) | ■ Kaluga energy sales company |
| ■ TGC-4 | ■ Chelyabenergosbyt |
| ■ TGC-5 | |

For **these projects** the RAO "UES of Russia" Board of Directors has approved the volumes and mechanisms of placement of additional shares.

The expediency and program of the placement of additional shares in **TGC-14** in order to attract investments shall be reviewed by the RAO "UES of Russia" Board of Directors in **February of 2008**.

In the **IV quarter of 2007** the RAO "UES of Russia" Board of Directors approved programs for the preparation and implementation of placements of additional share issues aimed at attracting investments for the following companies:

- **26.10.2007** – Placement characteristics for **TGC-6, TGC-11, Chelyabenergosbyt** approved.
- **26.10.2007** – Characteristics of the placements of additional issues of shares in **WGC-1 and TGC-10** adjusted to increase the volume of placement.
- **30.11.2007** – Adjusted program for the preparation and implementation of the placement of the additional issues of shares in **TGC-6** approved.
- **30.11.2007** – Clarification of the mechanism of placement of additional shares and of the sale of a shareholding in **Volga TGC**, appertaining pursuant to the separation balance sheet to the balance of **State Holding Company and HydroWGC State Holding Company**.
- **30.11.2007** – Characteristics of the placement of additional shares in **WGC-6** in favor of a strategic investor approved.
- **30.11.2007** – Minimum price of placement of additional shares in **TGC-9** determined at a level of 0,00801 rubles per share.

IMPLEMENTATION OF PROJECTS AIMED AT ATTRACTING INVESTMENTS

Extraordinary General Meetings of Shareholders of **19 generation companies and 2 energy sales companies** have adopted decisions on additional issues of company shares in order to attract investments.

Including in the IV quarter of 2007:

- 29.10.2007** – Extraordinary General Meeting of Shareholders of **Kaluga energy sales company** conducted.
- 30.10.2007** – Extraordinary General Meeting of Shareholders of **Yeniseyskaya TGC (TGC-13)** conducted.



28.11.2007 – Repeated Extraordinary General Meeting of Shareholders of **WGC-1** conducted, new characteristics of placement approved.

30.11.2007 – Extraordinary General Meeting of Shareholders of **TGC-10** conducted.

05.12.2007 – Extraordinary General Meeting of Shareholders of **TGC-2** conducted.

10.12.2007 – Extraordinary General Meeting of Shareholders of **TGC-11** conducted.

14.12.2007 – Extraordinary General Meetings of Shareholders of **TGC-6 and Volga TGC** conducted.

29.12.2007 – Extraordinary General Meeting of Shareholders of **Chelyabenergosbyt** conducted.

COMPLETION OF PROJECTS OF PLACEMENT OF ADDITIONAL SHARES AIMED AT ATTRACTING INVESTMENTS

As of **31.12.2007**, **10 projects** of placement of additional shares aimed at attracting investments have been completed, including:

- | | |
|---------|--------------------------|
| ■ WGC-2 | ■ TGC-1 |
| ■ WGC-3 | ■ Mosenergo (TGC-3) |
| ■ WGC-4 | ■ TGC-5 |
| ■ WGC-5 | ■ SGC TGC-8 |
| ■ WGC-6 | ■ Kuzbassenergo (TGC-12) |

The volume of proceeds totaled **322,66 billion rubles** (12,68 billion USD), the planed volume being 312,33 billion rubles.

Sale of RAO "UES of Russia"-owned shareholdings, appertaining pursuant to the separation balance sheet to the balance of **State Holding Company and HydroWGC State Holding Company (government stake)**, completed, including:

- | | |
|---------|---------------------|
| ■ WGC-3 | ■ Mosenergo (TGC-3) |
| ■ WGC-4 | ■ SGC TGC-8 |
| ■ WGC-5 | ■ TGC-9 |
| ■ TGC-1 | |

The amount of financial assets, attracted for the implementation of the investment program of RAO "UES of Russia" Holding Company, totals **611,79 billion rubles**.

CONCLUSION OF CAPACITY CONTRACTS BETWEEN WGCS/TGCS, NP ATS AND ZAO CFS

31.08.2007 – The RAO "UES of Russia" Board of Directors (Minutes № 258) adopted the decision on the requirement to conclude capacity contracts between generation companies, NP ATS and ZAO CFS as a mandatory condition for the **placement of additional shares and the sale of shareholdings**, owned by RAO "UES of Russia" and appertaining pursuant to the separation balance sheet to the balance of State Holding Company and HydroWGC State Holding Company (government stake). The essentials of each contract must be pre-approved by RAO "UES of Russia" Board of Directors and adopted by the Extraordinary General Meeting of Shareholders or, if the conclusion of the contract may not be classified as a large transaction, by the board of directors of the generation company.



As of **17.01.2008** the management bodies of **16 generation companies** have approved the conclusion of capacity contracts between generation companies, NP ATS and ZAO CFS.

Including in the IV quarter of 2007:

04.10.2007 – The Extraordinary General Meeting of Shareholders of **WGC-4** approved the conclusion of a capacity contract, **contract signed by the Company on 15.09.2007** (approved by the Board of Directors on 12.09.2007).

12.10.2007 – The Extraordinary General Meeting of Shareholders of **SGC TGC-8** approved the conclusion of a capacity contract, **contract signed by the Company on 18.10.2007**.

29.10.2007 – The Extraordinary General Meeting of Shareholders of **TGC-4** approved the conclusion of a capacity contract, **contract signed by the Company on 20.12.2007**.

09.11.2007 – The Extraordinary General Meeting of Shareholders of **WGC-6** approved the conclusion of a capacity contract, **contract signed by the Company on 16.01.2008**.

30.11.2007 – The Extraordinary General Meeting of Shareholders of **TGC-6** approved the conclusion of a capacity contract, **contract is planned to be signed in January of 2008**.

05.12.2007 – The Extraordinary General Meeting of Shareholders of **TGC-2** approved the conclusion of a capacity contract, **contract signed by the Company on 20.12.2007**.

07.12.2007 – The Extraordinary General Meeting of Shareholders of **TGC-9** approved the conclusion of a capacity contract, **contract signed by the Company on 10.12.2007**.

10.12.2007 – The Extraordinary General Meeting of Shareholders of **TGC-5** approved the conclusion of a capacity contract, **contract signed by the Company on 14.12.2007**.

14.12.2007 – The Extraordinary General Meeting of Shareholders of **Volga TGC** approved the conclusion of a capacity contract, contract is planned to be signed before 01.02.2008.

19.12.2007 – The Board of Directors **WGC-5** approved the conclusion of a capacity contract, contract is planned to be signed before 01.02.2008.

26.12.2007 – The Extraordinary General Meeting of Shareholders of **Yeniseyskaya TGC (TGC-13)** approved the conclusion of a capacity contract, contract is planned to be signed before 01.02.2008.

28.12.2007 – The Extraordinary General Meetings of Shareholders of **WGC-1, Kuzbassenergo and TGC-10** approved the conclusion of capacity contracts, contracts are planned to be signed before 01.02.2008.

CALENDAR OF KEY EVENTS AIMED AT ATTRACTING INVESTMENTS

Planned meeting of the RAO "UES of Russia" Board of Directors on the issue of the expediency to conduct an issue of additional shares and on the approval of the program and mechanism of placement:

■ **February 2008** – TGC-14

Planned Extraordinary General Meeting of Shareholders on the issue of approving a capacity contract between WGCs/TGCs, NP ATS and ZAO CFS:

■ **29.01.2008** – TGC-11

Planned meetings of boards of directors on the issue of approving capacity contract between WGCs/TGCs, NP ATS and ZAO CFS:

■ **25.01.2008** – WGC-3

■ **28.01.2008** – Mosenergo(TGC-3)



Planned meetings of boards of directors on the issue of determining the placing price and the dates of placements of additional shares:

- **30.01.2008** – TGC-4
- **20.02.2008** – Kaluga energy sales company
- **25.02.2008** – Volga TGC (TGC-7)
- **25.02.2008** – TGC-11
- **26.02.2008** – TGC-6
- **07.03.2008** – TGC-10
- **14.03.2008** – TGC-2
- **15.03.2008** – WGC-1
- **25.03.2008** – Chelyabenergosbyt
- **27.04.2008** – Yeniseyskaya TGC (TGC-13)
- **27.04.2008** – TGC-14, *if the RAO "UES of Russia" Board of Directors adopts the decision to conduct an additional issue of shares in TGC-14 aimed at attracting investments in February of 2008.*

Planned completion of additional share issue placement:

- **01.03.2008** – summing up the results of the placement of additional shares in TGC-9
- **22.03.2008** – summing up the results of the placement of additional shares in Kaluga сбытовая компания
- **26.04.2008** – summing up the results of the placement of additional shares in Chelyabenergosbyt

The dates of completion of placements of additional shares shall be determined by the boards of directors of the following companies:

- WGC-1
- TGC-2
- TGC-4
- TGC-6
- Volga TGC (TGC-7)
- TGC-10
- TGC-11
- Yeniseyskaya TGC (TGC-13)
- TGC-14



RESTRUCTURING OF AO-ENERGO COMPANIES IN TERMS OF UNBUNDLING BY ACTIVITY TYPE

The requirement to split off core activities of existing AO-Energo companies was affirmed by the Russian Federation Government Resolution № 526 of July 11, 2001 "*The Main Directions of Electric Power Industry Reform*". Pursuant to this Resolution, the Board of Directors of RAO UES of Russia developed and approved the "basic" model for AO-Energo restructuring. This "basic" model implies reorganization of AO-Energos in terms of their unbundling by activity type into generation, transmission and sales companies with proportional distribution of shares of newly established companies among the shareholders of AO-Energos being under reorganization. The Board of Directors of RAO UES of Russia approved a whole range of projects for AO-Energo restructuring, which are implemented individually in accordance with the schemes different from the "basic" model. The second stage of the restructuring process includes interregional consolidation of mono-profile companies.

Implementation of AO-Energo restructuring projects is coming to an end. **As of December 31, 2007** the RAO UES Board of Directors has approved restructuring projects for **71 out of 72 AO-Energo** companies; 50 of them are being implemented in accordance with the "basic" model, and 21 – in accordance with the "non-basic" (individual) model. General meetings of shareholders of 57 AO-Energos decided to reorganize the companies by splitting off. 68 projects have been implemented at the stage of state registration of newly established companies. Functional unbundling has been completed in 67 AO-Energos.

266 newly established companies have undergone the state registration procedure.

Kalmenergo has been partially unbundled.

Not unbundled:

- Yantarenergo – The project for the restructuring of this Company shall be reviewed by the RAO "UES of Russia" Board of Directors in February of 2008. On the initiative of RAO "UES of Russia" together with the Administration of the Kaliningrad Region a program for the Development of the Kaliningrad Region Energy System has been established. On December 1, 2007 agreements on cooperation during the development of the region's electric power industry and the restructuring of the Kaliningrad Region Energy System have been signed.
- Magadanenergo – The Management Board of RAO UES of Russia decided that it was inexpedient to reorganize Magadanenergo and approved the development strategy for the Magadan energy system up until 2015;
- Sakhalinenergo – The Management Board of RAO UES of Russia decided that it was inexpedient to reorganize Sakhalinenergo and approved the development strategy for the Sakhalin energy system for 2006-2014 (with the outlook for 2020).
- Chukotenergo – Reorganization of Chukotenergo was suspended until RAO UES of Russia and Administration of the Chukotsky region reach a general consensus concerning the issue of integration of the company's assets. According to the forecast reorganization will be restarted in December 2007.



STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (beginning)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Securities issue registration Ordinary Shares reg. № date	Preference Shares reg. № date
"Basic" Restructuring Model					
1.	Arkhenergo (DGC) Arkhangelsk Generation Company	Reorganized in the form of a spin-off merger with and into IDGC of North-West will be completed on 01.04.2008 TGC-2 branch	liquidated, merged with and into TGC-2, liquidation certificate of 03.05.2007		
	Arkhangelsk Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.04.2005	30.06.2005	1-01-65125-D 30.06.2005 2-01-65125-D
	Arkhangelsk Trunk Grid Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	10.11.2005	1-01-55133-E 10.11.2005 2-01-55133-E
2.	Astrakhanenergo (DGC) Astrakhan Regional Generation Company Astrakhan Power-Management-Company	Reorganized in the form of a spin-off, merger with and into IDGC of South will be completed on 01.04.2008 SGC TGC-8 branch liquidated	liquidated, merged with and into TGC-8, liquidation certificate of 01.06.2006 liquidated, liquidation certificate of 13.02.2006		
	Astrakhan Power Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	05.01.2005	05.04.2005	1-01-55064-E —
	Astrakhan Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	03.11.2005	1-01-55117-E —
3.	Corporate Service Systems (service) Heat Energy Company	Reorganized in the form of a spin-off, service company (renamed Belgorodenergo) TGC-4 branch	liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006		
	Belgorod Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date - 23.05.2007		
	Power Grid Company	A wholly-owned subsidiary of RAO UES of Russia, merger with and into IDGC of Center will be completed on 01.04.2008	01.04.2005	17.05.2005	1-01-55071-E 17.05.2005 2-01-55071-E
	Belgorod Trunk Grid Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.04.2005	17.05.2005	1-01-55070-E 17.05.2005 2-01-55070-E
4.	Bryanskenergo (DGC) Bryansk Power-Management-Company Bryansk Generation Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008 liquidated TGC-4 branch	liquidated, liquidation certificate of 11.04.2006 liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006		
	Bryansk Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.10.2004	02.12.2004	1-01-65070-D 02.12.2004 2-01-65070-D
	Bryansk Trunk Grid Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	03.11.2005	1-01-55110-E 03.11.2005 2-01-55110-E
5.	Buryatenergo (DGC) Buryat Generation Buryat-Management-Company Buryatenergosbyt	Reorganized in the form of a spin-off, merger with and into IDGC of Siberia will be completed on 01.04.2008 TGC-14 branch liquidated	liquidated, merged with and into TGC-14, liquidation certificate of 29.09.2006 liquidated, liquidation certificate of 23.03.2007 the shareholding (46.8%) owned by RAO UES of Russia in this company was sold, auction date - 28.11.2007		
	Buryat Trunk Power Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	31.12.2005	27.06.2006	1-01-55201-E —
6.	Vladimenergo (DGC) Vladimir Generation Company Vladimir Power Sales Company Vladimir Power-Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhye) will be completed on 01.03.2008 TGC-6 branch liquidated	liquidated, merged with and into TGC-6, liquidation certificate of 01.03.2007 the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date - 27.11.2007 liquidated, liquidation certificate of 15.03.2006		
	Vladimir Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	03.11.2005	1-01-55116-E —

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Actual	Securities issue registration date	Ordinary Shares reg. №	Preference Shares reg. №
7.	Volgogradenergo (DGC) Volga Generation Company Volga-Power-Complex-MG	Reorganized in the form of a spin-off, merger with and into IDGC of South will be completed on 01.04.2008 SGC TGC-8 branch liquidated	liquidated, merged with and into TGC-8, liquidation certificate of 01.06.2006 liquidated, liquidation certificate of 29.09.2006				
	Volgogradenergosbyt Volgograd Trunk Grids	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	05.01.2005 01.09.2005	01.01.2005 01.09.2005	14.04.2005 03.11.2005	1-01-65103-D 1-01-55126-E	2-01-65103-D 2-01-55126-E
8.	Volgodaenergo (DGC) Cherepovets SDPP Volgoda HPP	Reorganized in the form of a spin-off, merger with and into IDGC of South will be completed on 01.04.2008 WGC-6 branch TGC-2 branch	liquidated, merged with and into WGC-6, liquidation certificate of 29.09.2006 liquidated, merged with and into TGC-2, liquidation certificate of 01.07.2006				
	Volgoda Sales Company Volgoda Trunk Grids	RAO UES of Russia ceased to participate in the authorized capital of the company A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008 Reorganized in the form of a spin-off,	01.10.2005	01.10.2005	22.12.2005	1-01-55149-E	—
9.	Voronezhenergo (DGC) Voronezh Generation Company Voronezh Management-Power-Company Voronezh Power Sales Company	Reorganized in the form of a spin-off, merger with and into IDGC of South will be completed on 01.04.2008 TGC-4 branch liquidated	liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006 liquidated, liquidation certificate of 19.09.2006				
	Voronezh Trunk Grid Company	RAO UES of Russia ceased to participate in the authorized capital of the company A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	10.11.2005	1-01-55132-E	10.11.2005 2-01-55132-E
10.	Dagestano (DGC) Dagestan Regional Generation Company Dagestan Heat Generation Company Dagestano-Management-Company	Reorganized in the form of a spin-off, merger with and into IDGC of Northern Caucasus will be completed on 01.04.2008 HydroWGC branch SGC TGC-8 branch liquidated	liquidated, merged with and into HydroWGC, liquidation certificate of 09.01.2008 liquidated, merged with and into TGC-8, liquidation certificate of 01.06.2006 liquidated, liquidation certificate of 01.11.2006				
	Dagestan Power Sales Company Dagestan Trunk Grids	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.07.2005 01.09.2005	01.07.2005 01.09.2005	25.08.2005 03.11.2005	1-01-55094-E 1-01-55108-E	— —
11.	Ivenergo (DGC) Ivanovo Generation Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008 TGC-6 branch	liquidated, merged with and into TGC-6, liquidation certificate of 01.03.2007				
	Ivanovo Power Sales Company Ivanovo-Management-Power-Company Ivanovo Trunk Grids	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008 Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008	05.01.2005 01.09.2005	01.01.2005 01.09.2005	10.03.2005 03.11.2005	1-01-65081-D 1-01-55128-E	10.03.2005 2-01-65081-D 2-01-55128-E
12.	Kalugaenergo (DGC) Kaluga Power management Company Kaluga Generation company Kaluga Trunk Grid Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008 liquidated TGC-4 branch	liquidated, liquidation certificate of 24.11.2006 liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006				
	Kaluga Sales Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008 OAO RAO "UES of Russia" subsidiary, in March 2008 an additional share issue aimed at attracting investments and the sale of OAO RAO "UES of Russia"-owned shares in the Company (52.25%) are planned to be conducted simultaneously	01.04.2004	01.04.2004	18.05.2004	1-01-65056-D	—
			01.04.2004	01.04.2004	18.05.2004	1-01-65057-D	—

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Actual	Securities issue registration date	Ordinary Shares reg. №	Preference Shares reg. №
13.	Karelnenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of North-West will be completed on 01.04.2008					
	Karelnenergo Generation	TGC-1 branch	liquidated, merged with and into TGC-1, liquidation certificate of 01.11.2006				
	Karelnenergo Management Company	liquidated	liquidated, liquidation certificate of 05.06.2006				
	Karelian Power Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	The shareholding (100%) owned by RAO UES of Russia in this company was sold, auction date – 19.09.2007				
	Karelian Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	10.11.2005	1-01-55131-E	—
14.	Kirovenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhye) will be completed on 01.03.2008					
	Kirovenergo Management Company	liquidated	liquidated, liquidation certificate of 01.02.2006				
	Kirovenergosbyt	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (48,17% owned by RAO UES of Russia in this company was sold, auction date – 04.12.2007				
	Vyatka Heat Power Company	TGC-5 branch	liquidated, merged with and into TGC-5, liquidation certificate of 31.03.2006				
	Kirov Trunk Power Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	24.11.2005	1-01-55141-E	24.11.2005 2-01-55141-E
15.	Kolenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of North-West will be completed on 01.04.2008					
	Apatity HPP	TGC-1 branch	liquidated, merged with and into TGC-1, liquidation certificate of 01.11.2006				
	Murmansk HPP	TGC-1 branch	01.10.2005 01.10.2005	29.11.2005	1-01-55148-E	29.11.2005	2-01-55148-E
	Kola Generation Company	TGC-1 subsidiaries merged into TGC-1 Holding Company (30.05.2007)	liquidated, merged with and into TGC-1, liquidation certificate of 01.11.2006				
	Kola Power Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.10.2005 01.10.2005	22.12.2005	1-01-55159-E	22.12.2005	2-01-55159-E
	Kola Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.10.2005 01.10.2005	08.12.2005	1-01-55144-E	08.12.2005	2-01-55144-E
16.	Komienergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of North-West will be completed on 01.04.2008					
	Komi Regional Generation Company	TGC-9 branch	liquidated, merged with and into TGC-9, liquidation certificate of 01.02.2007				
	Komi Republic Trunk Power Grid	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.07.2006 01.07.2006	24.10.2006	1-01-55240-E	24.10.2006	2-01-55240-E
	Komi Power Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.07.2006 01.07.2006	17.10.2006	1-01-55237-E	17.10.2006	2-01-55237-E
17.	Kostromaenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008					
	Kostroma Generation Company	TGC-2 branch	liquidated, merged with and into TGC-2, liquidation certificate of 01.07.2006				
	Kostroma Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	05.01.2005 01.01.2005	04.03.2005	1-01-55051-E	04.03.2005	2-01-55051-E
	Kostroma Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005 31.08.2005	03.11.2005	1-01-55125-E	03.11.2005	2-01-55125-E
18.	Krasnoyarskenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Siberia will be completed on 01.04.2008					
	Krasnoyarsk Generation	Yeniseyskaya TGC (TGC-13) branch	liquidated, merged with and into Kyzylas Generation Company (TGC-13), liquidation certificate of 31.12.2006				
	Krasnoyarskenergosbyt	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.10.2005 01.10.2005	29.11.2005	1-01-55147-E	29.11.2005	2-01-55147-E
	Krasnoyarsk Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.10.2005 01.10.2005	06.12.2005	1-01-55152-E	06.12.2005	2-01-55152-E
	Tyvaenergo holding	A wholly-owned subsidiary of RAO UES of Russia, the only assets of which are the shares in Tyvaenergo. Merger with and into IDGC of Siberia will be completed on 01.04.2008	01.10.2005 01.10.2005	08.12.2005	1-01-55150-E	08.12.2005	2-01-55150-E

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Actual	Securities issue registration date	Ordinary Shares reg. No	Preference Shares reg. No
19.	Kubanenergo (DGC) Kuban Generation Company Kuban Power Sales Company	Reorganized in the form of a spin-off, merger with and into IDGC of South will be completed on 01.04.2008 SGC TGC-8 subsidiaries merged into SGC TGC-8 Holding Company (30.06.2007) RAO UES of Russia ceased to participate in the authorized capital of the company	01.07.2006	01.07.2006	12.09.2006	1-01-55221-E	—
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.07.2006	01.09.2006	21.11.2006	1-01-55247-E	—
20.	Kuzbassenergo (generation) - TGC-12 West-Siberian HPP South-Kuzbass SDPP	TGC based on generation assets of Altaienergo RAO UES of Russia ceased to participate in the authorized capital of the company RAO UES of Russia ceased to participate in the authorized capital of the company	01.07.2006	01.07.2006	29.08.2006	1-01-55216-E	—
		A wholly-owned subsidiary of RAO UES of Russia, merger with and into IDGC of Siberia will be completed on 01.04.2008 RAO UES of Russia ceased to participate in the authorized capital of the company	01.07.2006	01.07.2006	19.09.2006	1-01-55224-E	—
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.07.2006	01.07.2006	26.09.2006	1-01-55226-E	2-01-55226-E
21.	Kurganenergo (DGC) Kurgan Generation Company Kurgan Power Sales Company	Reorganized in the form of a spin-off, merger with and into IDGC of Ural will be completed on 11.03.2008 TGC-10 subsidiaries merged into TGC-10 Holding Company (20.12.2007) RAO UES of Russia ceased to participate in the authorized capital of the company	01.07.2006	01.07.2006	26.09.2006	1-01-55229-E	2-01-55229-E
		FGC UES subsidiary, decision to call an EGM on the reorganization by means of a merger into FGC UES issue not adopted	01.07.2006	01.07.2006	26.09.2006	1-01-55229-E	2-01-55229-E
		Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008 TGC-4 branch	liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006	liquidated, merged with and into TGC-4, liquidation certificate of 24.01.2006	29.03.2005	1-01-65094-D	2-01-65094-D
		A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.02.2005	01.02.2005	03.11.2005	1-01-55111-E	2-01-55111-E
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	11.01.2006	1-01-55158-E	2-01-55158-E
23.	Lenenergo (DGC) North-Western Power Management Company Petersburg Generation Company	Reorganized in the form of a spin-off, operation company – IDGC A wholly-owned subsidiary of RAO UES of Russia TGC-1 branch	01.10.2005	01.10.2005	17.01.2006	1-01-55168-E	2-01-55168-E
		A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.10.2005	01.10.2005	09.03.2006	1-01-55181-E	2-01-55181-E
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.12.2005	01.12.2005	11.01.2006	1-01-55158-E	2-01-55158-E
		Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008 TGC-4 branch	liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006	liquidated, merged with and into TGC-4, liquidation certificate of 07.02.2006	17.01.2006	1-01-55168-E	2-01-55168-E
		RAO UES of Russia ceased to participate in the authorized capital of the company	01.09.2005	01.09.2005	10.11.2005	1-01-55124-E	—
24.	Lipetskenergo (DGC) Lipetsk Generation Company Lipetsk Power Management Company Lipetsk Power Sales Company	Reorganized in the form of a spin-off, merger with and into FGC UES will be completed on 30.06.2008 TGC-4 branch	01.09.2005	01.09.2005	10.11.2005	1-01-55124-E	—
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	10.11.2005	1-01-55124-E	—

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Securities issue registration date	Ordinary Shares reg. №	Preference Shares reg. №
25.	Marienergo (DGC) Mari Regional Generation Company Mari-Regional-Management-Company Marienergobyt	Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.03.2008				
		TGC-5 branch liquidated	liquidated, merged with and into TGC-5, liquidation certificate of 31.03.2006			
		RAO UES of Russia ceased to participate in the authorized capital of the company	liquidated, liquidation certificate of 07.02.2006			
Mari Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	03.11.2005	1-01-55130-E	2-01-55130-E
	Reorganized in the form of a spin-off, merger with and into IDGC of Volga will be completed on 01.04.2008					
26.	Mordovenergo (DGC) Mordovian Generation Company Mordovian Heat Network Company Mordovian-Power-Management-Company	TGC-6 branch liquidated	liquidated, merged with and into TGC-6, liquidation certificate of 01.03.2007			
		TGC-6 branch liquidated	liquidated, merged with and into TGC-6, liquidation certificate of 01.03.2007			
Mordovian Power Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.02.2005	01.02.2005	29.03.2005	1-01-55055-E	—
	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008					
Mordovian Trunk Grid Company	Reorganized in the form of a spin-off, TGC, established upon Mosenergo unbundling	01.09.2005	01.09.2005	10.11.2005	1-01-55122-E	—
27.	Mosenergo (generation) - TGC-3 Management-Power-Company Trunk Grid Company	Reorganized in the form of a spin-off, liquidated	liquidated, liquidation certificate of 04.04.2007			
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.04.2005	01.04.2005	31.05.2005	1-01-50074-E
Moscow Heat Grid Company	RAO "UES of Russia" subsidiary, planned cessation of RAO "UES of Russia" participation in the authorized capital of the company by means of a shareholding in the Company (50.9%) in favour of the Government of Moscow and/or an organization commissioned by the Government of Moscow	01.04.2005	01.04.2005	31.05.2005	1-01-50076-E	—
	RAO "UES of Russia" subsidiary, being formed by means of a reorganization of MCEPGC in terms of a merger into WPEPGC pursuant to RAO "UES of Russia" Board of Directors decision №256 of 27.07.2007, to be completed by – 30.06.2008. (time frame approved by RAO Order №4 of 09.01.2008)					
Moscow Unified Power Grid Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.04.2005	01.04.2005	26.05.2005	1-01-65113-D	—
Mosenergobyt	A wholly-owned subsidiary of RAO UES of Russia	01.04.2005	01.04.2005	26.05.2005	1-01-50116-A	—
	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (50.9%) owned by RAO UES of Russia in this company was sold, auction date – 05.10.2007				
Specialized PCB for Repairs and Reconstruction	RAO UES of Russia ceased to participate in the authorized capital of the company	01.04.2005	01.04.2005	26.05.2005	1-01-50075-E	—
Mostplosetenergo	RAO UES of Russia ceased to participate in the authorized capital of the company	01.04.2005	01.04.2005	31.05.2005	1-01-65116-D	—
Mosenergostroy	WGC-1 branch liquidated	liquidated, merged with and into WGC-1, liquidation certificate of 29.09.2006				
Kashira SDPP-4	WGC-4 branch liquidated	liquidated, merged with and into WGC-4, liquidation certificate of 01.07.2006				
Shatura SDPP-5	WGC-6 branch liquidated	liquidated, merged with and into WGC-6, liquidation certificate of 29.09.2006				
SDPP №24	HydroWGC branch liquidated	liquidated, merged with and into HydroWGC, liquidation certificate of 09.01.2008				
Zagorsk HEPSPP						
28.	Nizhnovenergo (DGC) Nizhni Novgorod Generation Company Nizhni-Novgorod-Management-Power-Company Nizhni Novgorod Sales Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008	liquidated, merged with and into TGC-6, liquidation certificate of 01.03.2007			
		TGC-6 branch liquidated	liquidated, liquidation certificate of 31.03.2006			
Nizhni Novgorod Power Repair Company	RAO UES of Russia ceased to participate in the authorized capital of the company	01.04.2005	01.04.2005	25.08.2005	1-01-50122-A	2-01-50122-A
Nizhni Novgorod Trunk Grid Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	10.11.2005	1-01-55121-E	2-01-55121-E

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Actual	Securities issue registration date	Ordinary Shares reg. №	Preference Shares reg. №	
29.	Novgorodenergo (DGC) Novgorod Generation Company Novgorod Power Management Company Novgorod power Sales Company	Reorganized in the form of a spin-off, merger with and into IDGC of North-West will be completed on 01.04.2008						
		TGC-2 branch liquidated	liquidated, merged with and into TGC-2, liquidation certificate of 01.07.2006					
		RAO UES of Russia ceased to participate in the authorized capital of the company	liquidated, liquidation certificate of 19.07.2006					
30.	Omskenergo (DGC) Omsk Power Generation Company Omsk Management Company Omsk Power Sales Company	Reorganized in the form of a spin-off, merger with and into IDGC of Siberia will be completed on 01.04.2008						
		TGC-11 branch liquidated	liquidated, merged with and into TGC-11, liquidation certificate of 01.11.2007					
		RAO UES of Russia ceased to participate in the authorized capital of the company	liquidated, liquidation certificate of 30.06.2006					
31.	Orelenergo (DGC) Orel Power Management Company Orel Generation Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	03.11.2005	1-01-55114-E	03.11.2005 2-01-55114-E	
		Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008						
		liquidated	liquidated, liquidation certificate of 06.02.2006					
32.	Orenburgenergo (DGC) Orenburg Heat Generation Company Irkutsk SDPP Orenburgenergosbyt Orenburg Trunk Power Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.10.2005	01.10.2005	01.12.2005	1-01-55135-E	01.12.2005 2-01-55135-E	
		A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.04.2005	01.04.2005	21.06.2005	1-01-65122-D	21.06.2005	2-01-65122-D
		Reorganized in the form of a spin-off, merger with and into IDGC of Volga will be completed on 01.04.2008						
33.	Penzaenergo (DGC) Penza Generation Company Penza Power Management Company	Volzhskaya TGC subsidiaries merged into Volzhskaya TGC Holding Company (06.03.2007)	01.07.2005	01.07.2005	06.09.2005	1-01-55095-E	—	
		WGC-1 branch liquidated	liquidated, merged with and into WGC-1, liquidation certificate of 29.09.2006					
		RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (100%) owned by RAO UES of Russia in this company was sold, auction date—22.05.2007					
34.	Permenergo (DGC) Perm Power Management Company Perm Generation Company Yavinsk SDPP Perm Power Sales Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.10.2005	01.10.2005	08.12.2005	1-01-55155-E	—	
		Reorganized in the form of a spin-off, merger with and into IDGC of Volga will be completed on 01.04.2008						
		TGC-6 branch liquidated	liquidated, merged with and into TGC-6, liquidation certificate of 01.03.2007					
35.	Penzaenergo (DGC) Penza Power Sales Company Penza Power Repair Company Penza Trunk Grid Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	05.01.2005	01.01.2005	01.03.2005	1-01-55041-E	01.03.2005 2-01-55041-E	
		A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	05.01.2005	01.01.2005	01.03.2005	1-01-55040-E	01.03.2005	2-01-55040-E
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	01.09.2005	10.11.2005	1-01-55134-E	10.11.2005	2-01-55134-E
36.	Permenergo (DGC) Perm Power Management Company Perm Generation Company Yavinsk SDPP Perm Power Sales Company	Reorganized in the form of a spin-off, merger with and into IDGC of Ural will be completed on 01.05.2008						
		liquidated	liquidated, liquidation certificate of 31.03.2006					
		TGC-9 branch liquidated	liquidated, merged with and into TGC-9, liquidation certificate of 01.05.2006					
37.	Permenergo (DGC) Perm Power Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date—04.12.2007					
		A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.10.2005	03.10.2005	27.12.2005	1-01-55156-E	27.12.2005	2-01-55156-E
		RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (64.36%) owned by RAO UES of Russia in this company was sold, auction date—21.09.2007					
38.	Permenergo (DGC) Permenergospetsremont	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (64.36%) owned by RAO UES of Russia in this company was sold, auction date—21.09.2007					

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Securities issue registration date	Ordinary Shares reg. №	Preference Shares reg. №
35.	Rostovenergo (DGC) Rostov Generation Company Management-Company-Rostovenergo	Reorganized in the form of a spin-off, merger with and into IDGC of South will be completed on 01.04.2008 SGC TGC-8 branch liquidated	liquidated, merged with and into TGC-8, liquidation certificate of 01.06.2006 liquidated, liquidation certificate of 08.09.2006			
	Rostovenergo Energosbyt Trunk Grid Company Rostovenergo	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	05.01.2005 01.09.2005	10.03.2005 03.11.2005	1-01-50095-A 1-01-55127-E	2-01-50095-A 2-01-55127-E
36.	Ryazanenergo (DGC) Ryazan Heat Supply Company Ryazan Management-Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008 TGC-4 branch liquidated	liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006 liquidated, liquidation certificate of 27.01.2006			
	Ryazan Power Sales Company Ryazan Trunk Grids	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	05.01.2005 01.09.2005	04.03.2005 01.12.2005	1-01-50092-A 1-01-55143-E	— —
37.	Sverdlovenergo (DGC) Sverdlovsk Generation Company Sverdlovsk Power Management-Company	Reorganized in the form of a spin-off, merger with and into IDGC of Ural will be completed on 01.05.2008 TGC-9 branch liquidated	liquidated, merged with and into TGC-9, liquidation certificate of 01.05.2006 liquidated, liquidation certificate of 28.03.2006			
	Sverdlovskenergosbyt Serov SDPP Sverdlovsk Power Service Company Sverdlovsk Trunk Grids	RAO UES of Russia ceased to participate in the authorized capital of the company WGC-2 branch liquidated RAO UES of Russia ceased to participate in the authorized capital of the company A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	05.01.2005 01.09.2005	04.03.2005 01.12.2005	1-01-50092-A 1-01-55143-E	— —
38.	Smolenskenergo (DGC) Smolensk Management-Company Smolensk Generation Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008 TGC-4 branch liquidated	liquidated, merged with and into TGC-9, liquidation certificate of 01.05.2006 liquidated, liquidation certificate of 28.03.2006 the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date – 22.05.2007 liquidated, merged with and into WGC-2, liquidation certificate of 29.09.2006 the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date – 21.09.2007			
	Smolenskenergosbyt Smolensk SDPP	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction WGC-4 branch liquidated	01.10.2005 03.10.2005	22.12.2005	1-01-55160-E	2-01-55160-E
39.	Stavropolenergo (DGC) Stavropol Power Generation Company Stavropol Management-Company	Reorganized in the form of a spin-off, merger with and into IDGC of Northern Caucasus will be completed on 01.04.2008 HydroWGC branch liquidated	liquidated, merged with and into TGC-4, liquidation certificate of 31.01.2006 liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006			
	Stavropolenergosbyt Stavropol Heat Generation Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction WGC-4 branch liquidated	01.02.2005 01.02.2005	31.03.2005	1-01-50107-A	2-01-50107-A
	Stavropolenergosbyt	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.02.2005 01.09.2005	31.03.2005	1-01-50106-A	2-01-50106-A
40.	Tambovenergo (DGC) Tambov Generation Company Tambov Power Management-Company	Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008 TGC-4 branch liquidated	liquidated, merged with and into TGC-8, liquidation certificate of 09.01.2008 liquidated, liquidation certificate of 15.06.2006			
	Tambov Power Sales Company Tambov Trunk Grid Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	05.01.2005 01.09.2005	02.06.2005	1-01-50119-A	2-01-50119-A

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Securities issue registration Ordinary Shares reg. № date	Preference Shares reg. № date
41. Tverenergo (DGC)		Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008			
	Tver Generation Company	TGC-2 branch	liquidated, merged with and into TGC-2, liquidation certificate of 01.07.2006		
	Tver Management Power Company	liquidated	liquidated, liquidation certificate of 09.03.2006		
	Tver Power Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date – 19.09.2007		
	Tver Power Repair Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	05.01.2005 11.01.2005	1-01-65089-D 22.03.2005	2-01-65089-D
	Tver Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005 01.09.2005	1-01-55118-E 03.11.2005	2-01-55118-E
42. Tomskenergo (generation)		merger with and into TGC-11, liquidation certificate of 01.11.2007			
	Tomsk Power Management Company	TGC-11 branch, liquidated	liquidated, liquidation certificate of 02.03.2006		
	Tomsk Distribution Company	A wholly-owned subsidiary of RAO UES of Russia, merger with and into IDGC of Siberia will be completed on 01.04.2008	01.04.2005 31.03.2005	1-01-50128-A 28.06.2005	2-01-50128-A
	Tomsk Power Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (52,03%) owned by RAO UES of Russia in this company was sold, auction date – 28.11.2007		
	Tomsk Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.04.2005 31.03.2005	1-01-55087-E 28.06.2005	2-01-55087-E
	Tomskenergo remont	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.04.2005 31.03.2005	1-01-55088-E 28.06.2005	2-01-55088-E
	Tomsk elektrosnabzheniye	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.04.2005 31.03.2005	1-01-50129-A 28.06.2005	2-01-50129-A
43. Tulaenergo (DGC)		Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008			
	Privolzhsk territorial Generation Company	IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008			
	Tula Power Management Company	TGC-4 branch liquidated	liquidated, merged with and into TGC-4, liquidation certificate of 15.09.2006		
	Tula Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date – 27.11.2007		
	Tula Trunk Grid Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005 01.09.2005	1-01-55127-E —	
44. Tumenenergo (DGC)		Reorganized in the form of a spin-off, operation company – IDGC			
	Surgut SDPP-1	WGC-2 branch	liquidated, merged with and into WGC-2, liquidation certificate of 29.09.2006		
	Surgut SDPP-2	WGC-4 branch	liquidated, merged with and into WGC-4, liquidation certificate of 01.07.2006		
	Nizhnevartovsk SDPP	WGC-1 branch	liquidated, merged with and into WGC-1, liquidation certificate of 29.09.2006		
	Urengoy SDPP	WGC-1 branch	liquidated, merged with and into WGC-1, liquidation certificate of 29.09.2006		
	Tyumen Trunk Grid Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005 01.09.2005	1-01-55115-E —	
	Tyumen Regional Generation Company	The company merged with Chelyabinsk Generation Company and TGC-10, renamed TGC-10 after the merger	01.07.2005 01.07.2005	1-01-55090-E —	
	Tyumen Power Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.07.2005 01.07.2005	1-01-50139-A —	
45. Udmurtenergo (DGC)		Reorganized in the form of a spin-off, merger with and into IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008			
	Udmurtian territorial Generation Company	IDGC of Center and the Volga Territory (Privolzhnye) will be completed on 01.03.2008			
	Udmurtian Management Power Company	TGC-5 branch liquidated	liquidated, merged with and into TGC-5, liquidation certificate of 31.03.2006		
	Udmurtian Power Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (49%) owned by RAO UES of Russia in this company was sold, auction date – 29.11.2007		
	Udmurtian Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005 01.09.2005	1-01-55142-E 24.11.2005	2-01-55142-E

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Securities issue registration date	Ordinary Shares reg. №	Preference Shares reg. №
46.	Khakasenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Siberia will be completed on 01.04.2008 The company merged with TGC-13 and Krasnoyarsk Generation, renamed Yeniseyskaya TGC (TGC-13) after the merger	01.07.2005	30.08.2005	1-01-55093-E	—
	Khakasenergo	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (100%) owned by RAO UES of Russia in this company was sold, auction date – 29.11.2007			
	Khakas Trunk Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.07.2005	22.09.2005	1-01-65136-D	—
	Khakas Power Management Company	liquidated	liquidated, liquidation certificate of 12.05.2006			
47.	Chelyabenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Ural will be completed on 01.05.2008	liquidated, merged with and into Tyumen Generation Company (TGC-10), liquidation certificate of 01.12.2006			
	Chelyabinsk Generation Company	TGC-10 branch	liquidated, liquidation certificate of 07.03.2006			
	Chelyabinsk Management Power Company	liquidated	liquidated, merged with and into WGC-3, liquidation certificate of 01.04.2006			
	Chelyabenergosbyt	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	01.02.2005	29.03.2005	1-01-55059-E	2-01-55059-E
	Yuzhno-Uralsk SDPP	WGC-3 branch	liquidated, merged with and into WGC-3, liquidation certificate of 01.04.2006			
	Chelyabinsk Trunk Power Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	06.12.2005	1-01-55154-E	2-01-55154-E
48.	Chitaenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Siberia will be completed on 01.04.2008	liquidated, merged with and into TGC-14, liquidation certificate of 29.09.2006			
	Chita Generation Company	TGC-14 branch	liquidated, merged with and into TGC-14, liquidation certificate of 29.09.2006			
	Chita Power Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	30.12.2005	04.04.2006	1-01-55178-E	2-01-55178-E
	Chita Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	30.12.2005	04.05.2006	1-01-55193-E	2-01-55193-E
49.	Chuvashenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Volga will be completed on 01.04.2008	liquidated, merged with and into TGC-5, liquidation certificate of 31.03.2006			
	Chuvashi Generation Company	TGC-5 branch	liquidated, merged with and into TGC-5, liquidation certificate of 29.03.2006			
	Chuvashi Management Company	liquidated	liquidated, merged with and into TGC-5, liquidation certificate of 29.03.2006			
	Chuvashi Power Sales Company	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	05.01.2005	24.02.2005	1-01-65080-D	—
	Cheboksary HEPP	HydroWGC branch	liquidated, merged with and into HydroWGC, liquidation certificate of 09.01.2008			
	Chuvashi Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	08.12.2005	1-01-55112-E	—
50.	Yarenergo (DGC)	Reorganized in the form of a spin-off, merger with and into IDGC of Center will be completed on 01.04.2008	liquidated, merged with and into TGC-2, liquidation certificate of 01.07.2006			
	Yarenergomont-holding	A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction	05.01.2005	22.11.2004	1-01-50082-A	2-01-50082-A
	DTP Yarenergo-holding	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding owned by RAO UES of Russia in this company was sold, auction date – 17.05.2007			
	Yaroslavl Power Company	TGC-2 branch	liquidated, merged with and into TGC-2, liquidation certificate of 01.07.2006			
	Yaroslavl Management Power Company	liquidated	liquidated, liquidation certificate of 30.01.2006			
	Yaroslavl Sales Company	RAO UES of Russia ceased to participate in the authorized capital of the company	the shareholding (47.36%) owned by RAO UES of Russia in this company was sold, auction date – 06.07.2006			
	Yaroslavl Trunk Grids	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.09.2005	03.11.2005	1-01-55129-A	2-01-55129-A

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Date of state registration actual	Securities issue registration date	Ordinary Shares reg. №	Preference Shares reg. №
"Non-basic" Restructuring Model							
51.	Kalmenergo (DGC-UNPG)	<p>Merger with and into IDGC of South will be completed on 01.04.2008</p> <p>Spin-off of UNPG facilities of the company is scheduled for 2009</p> <p>A wholly-owned subsidiary of RAO UES of Russia, RAO UES of Russia will cease to participate in the authorized capital of this company by selling its shareholding in this company through a public auction</p>	28.10.2005	28.10.2005	08.06.2006	1-01-34595-E	—
	Kalmenergosbyt						
52.	Pskovenergo (DGC)	<p>Merger with and into IDGC of North-West will be completed on 01.04.2008</p> <p>a wholly-owned subsidiary of Pskovenergo</p>	30.08.2004	18.08.2004	31.12.2004	1-01-03189-D	—
	Pskovenergosbyt						
	Pskovenergoagent		30.08.2004	18.08.2004	31.12.2004	1-01-03186-D	—
	Pskovenergoservice		30.08.2004	23.08.2004	31.12.2004	1-01-03188-D	—
	Pskovenergoavto		30.08.2004	23.08.2004	31.12.2004	1-01-03187-D	—
	Samaranenergo, Saratovenergo, Ulyanovskenergo	A wholly-owned subsidiary of RAO UES of Russia, sales (supply) companies					
		Established. The company's post-reform structure formed.					
		June 1, 2007 – merger with Samara DC, Saratov DC, and Ulyanovsk DC completed					
	Volzhsk Interregional Distribution Company	Merger with and into IDGC of Volga will be completed on 01.04.2008	01.09.2005	26.08.2005	24.11.2005	1-01-55105-E	—
	Volzhsk Territorial Generation Company	Established. The company's post-reform structure formed.	01.08.2005	01.08.2005	01.11.2005	1-01-55113-E	—
	Volzhsk Interregional Power Sales Company	Established. Not yet formed, decision on the company's formation not yet approved					
53.	Samaranenergo (sales)	<p>RAO UES of Russia ceased participation in the company</p> <p>by selling its shareholding in this company through a public auction</p>	liquidated, merged with and into Volzhskaya TGC, liquidation certificate of 01.06.2007	liquidated, merged with and into Volzhskaya TGC, liquidation certificate of 01.06.2007			
	Samara Territorial Generation Company	Volzhskaya TGC branch					
	Samara Distribution Company	Volzhskaya TGC branch					
	Samara Trunk Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.04.2006	01.04.2006	08.11.2006	1-01-55203-E	08.11.2006 2-01-55203-E-A
54.	Saratovenergo (sales)	<p>RAO UES of Russia ceased participation in the company</p> <p>by selling its shareholding in this company through a public auction</p>	liquidated, merged with and into Volzhskaya TGC, liquidation certificate of 01.06.2007	liquidated, merged with and into Volzhskaya TGC, liquidation certificate of 01.06.2007			
	Saratov Territorial Generation Company	Volzhskaya TGC branch					
	Saratov Distribution Company	Volzhskaya DGC branch					
	Saratov Trunk Company	A wholly-owned subsidiary of FGC UES, merger with and into FGC UES will be completed on 30.06.2008	01.04.2006	03.04.2006	28.09.2006	1-01-55233-E	28.09.2006 2-01-55233-E
55.	Ulyanovskenergo (sales)	<p>RAO UES of Russia ceased participation in the company</p> <p>by selling its shareholding in this company through a public auction</p>	liquidated, merged with and into Volzhskaya TGC, liquidation certificate of 01.06.2007	liquidated, merged with and into Volzhskaya TGC, liquidation certificate of 01.06.2007			
	Ulyanovsk Territorial Generation Company	Volzhskaya TGC branch					
	Ulyanovsk Distribution Company	Volzhskaya DGC branch					
	Ulyanovsk Trunk Grids	A wholly-owned subsidiary of Ulyanovskenergo, merger with and into FGC UES will be completed on 30.06.2008	01.08.2005	29.07.2005	10.11.2005	1-01-55107-E	—
56.	Kamchatskenergo	Operating company, lease of property from the established subsidiaries					
	Kamchatka CHPPs	a wholly-owned subsidiary of Kamchatskenergo	26.07.2005	21.06.2005	20.10.2005	1-01-55104-E	—
	Central Electric Grids	a wholly-owned subsidiary of Kamchatskenergo	26.07.2005	21.06.2005	20.10.2005	1-01-55103-E	—
	Southern Electric Grids of Kamchatka	a wholly-owned subsidiary of Kamchatskenergo	26.07.2005	23.06.2005	20.10.2005	1-01-65139-D	—
	azhetsk GeoPP	a wholly-owned subsidiary of Kamchatskenergo	26.07.2005	21.06.2005	07.10.2005	1-01-32484-F	—
	Automobile Operating Company	a wholly-owned subsidiary of Kamchatskenergo	26.07.2005	30.06.2005	07.10.2005	1-01-32485-F	—
	Kamchatka Heat Transportation Company	a wholly-owned subsidiary of Kamchatskenergo	26.07.2005	23.06.2005	07.10.2005	1-01-32486-F	—

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (continued)

No.	AO-Energo	Company's status	Date of state registration of singled out companies expected	Securities issue registration Ordinary Shares reg. № date	Preference Shares reg. № date
57.	Ingushenergo (sales)	Project implemented in September 28, 2007. Additionally issued KEUK shares are to be paid for by power grid property, alienation of KEUK shares			
58.	Kabbalkenergo (sales)	Project implemented in September 2006. Additionally issued KEUK shares are to be paid for by power grid property, alienation of KEUK shares			
	Kabardino-Balkaria Hydrogeneration Company	HydroWGC branch	<i>liquidated, merged with and into HydroWGC, liquidation certificate of 09.01.2008</i>		
59.	Sevukavkazenergo (sales)	Project implemented in September 2006. Additionally issued KEUK shares are to be paid for by power grid property, alienation of KEUK shares			
	North Ossetian Hydrogeneration Company	HydroWGC branch	<i>liquidated, merged with and into HydroWGC, liquidation certificate of 09.01.2008</i>		
60.	Karachaichekessenergo (sales)	Project implemented in September 2006. Additionally issued KEUK shares are to be paid for by power grid property, alienation of KEUK shares			
	Karachai Cherkess Hydrogeneration Company	HydroWGC branch	<i>liquidated, merged with and into HydroWGC, liquidation certificate of 09.01.2008</i>		
61.	Altaenergo (DGC+UNPG)	Merger with and into IDGC of Siberia will be completed on 01.03.2008 Established. A wholly-owned subsidiary of RAO UES of Russia. Started operations since October 1, 2006. Cessation of participation in the company by selling the shareholding in this company through a public auction	01.07.2006	19.09.2006	1-01-12302-F
	Altaienergosbyt				
62-65.	AO-Energo Companies of the Far East Region				
	Amurenergo, Dalenergo, Khabarovskenergo, Yakutskenergo (Southern Energy Zone)	Ceased operations, branches of the Far East Energy Company	<i>liquidated due to the merger into Far East Energy Company, liquidation certificate as of 01.02.2007</i>		
	Far East Trunk Grid Company	A wholly-owned subsidiary of the Far East Energy Company. Started operations since January 1, 2007	31.12.2005	12.09.2006	1-01-32531-F
	Far East Generation Company	A wholly-owned subsidiary of the Far East Energy Company. Started operations since January 1, 2007	31.12.2005	05.09.2006	1-01-32532-F
	Far East Power Company (Far East Energy Company)	A wholly-owned subsidiary of RAO UES of Russia, established after the merger of Amurenergo, Dalenergo, Khabarovskenergo, and Southern Yakutskenergo	01.02.2007	19.04.2007	1-01-55275-E
	Southern Yakutskenergo	Ceased operations, branch of the Far East Energy Company	<i>liquidated due to the merger into Far East Energy Company, liquidation certificate as of 01.02.2007</i>		
	Amur Trunk Grid Company	A wholly-owned subsidiary of the Far East Energy Company. Takeover of the company by FGC UES is scheduled for June 30, 2008	01.09.2006	26.10.2006	1-01-55241-E
	Primorsk Trunk Grid Company	A wholly-owned subsidiary of the Far East Energy Company. Takeover of the company by FGC UES is scheduled for June 30, 2008	01.09.2006	07.12.2006	1-01-55243-E
	Khabarovsk Trunk Grid Company	A wholly-owned subsidiary of the Far East Energy Company. Takeover of the company by FGC UES is scheduled for June 30, 2008	01.09.2006	14.12.2006	1-01-55244-E
	Yakutsk Trunk Grid Company	A wholly-owned subsidiary of Yakutskenergo. Takeover of the company by FGC UES is scheduled for June 30, 2008	01.09.2006	09.11.2006	1-01-32639-F
	Yakutskenergo (isolated part)	Established. A wholly-owned subsidiary of Yakutskenergo	01.08.2006	18.10.2006	1-01-32634-F
	Energotranssnab	Is being established as a wholly-owned subsidiary. Not yet registered	September 2007	30.10.2007	1-01-32732-F
	Teploenerservice	Spun off. A wholly-owned subsidiary of RAO UES of Russia.			
	Southern Yakutsk Power Company	the only assets of which are shares in the Far East Energy Company	01.11.2006	22.05.2007	1-01-55284-E
					22.05.2007
					1-01-55284-E

STATUS OF COMPANIES ESTABLISHED IN THE PROCESS OF REORGANIZATION OF AO-ENERGOS (end)

No. AO-Energo	Company's status	Date of state registration of singled out companies expected	Securities issue registration Ordinary Shares reg. № date	Preference Shares reg. № date
	The RAO UESR Board of Directors approved termination of the Company's membership in Taimyrenergo (journal № 211 of 23.12.2005) by means of alienation of 100% of Taimyrenergo shares. The public auction was arranged by the Company's Accredited Agent, OAO "Alfa-Bank", on July 19, 2006. A.P.Zavenyagin Norilsk Mining and Metallurgical Combine has won the auction. The cash proceeds from the sale of Taimyrenergo shares are expected to be used to finance investment projects of RAO UES of Russia and measures related to reorganization of the Parent Company (RAO UES).			
66. Taimyrenergo	RAO UES of Russia ceased to participate in the authorized capital of the company	<i>the shareholding owned by RAO UES of Russia in this company was sold, auction date – 19.07.2006</i>		
67. Chukotenergo	Pursuant to the RAO UESR Management Board's Decision (journal № 1292pr/1 of 12.09.2005) it is scheduled to integrate assets of Chukotenergo with energy assets of Chukot Autonomous Area within the Anadyr Power Centre, when this process is agreed with Administration of Chukot Autonomous Area.			
68. Sakhalinenergo	The RAO UESR Management Board (№ 1334pr/1 of October 31, 2005) decided that it is expedient to reorganize Sakhalinenergo and approved the development strategy for 2006-2014 (with the outlook for 2020).			
69. Tyvaenergo (a wholly-owned subsidiary of Tyvaenergoholding)	Merger with and into IDGC of Siberia will be completed on 01.04.2008	01.04.2007 – functional unbundling completed		
Tyvaenergосбыт	Established. A wholly-owned subsidiary of RAO UES of Russia. Started operations since April 1, 2007 Cessation of participation in the company by selling the shareholding in this company through a public auction	October 06	09.03.2007	1-01-41007-E
Kyzylskaya CHPP	Established. A wholly-owned subsidiary of Tyvaenergo.	March 2007	12.04.2007	1-01-41011-F
Tyva Trunk Grids	Included in the Yeniseyskaya TGC (TGC-13) Holding Company (13.12.2007) Established. A wholly-owned subsidiary of Tyvaenergo.	March 2007	26.02.2007	
70-71. Kolymaenergo, Magadanenergo	Takeover of the company by FGC UES is scheduled for June 30, 2008 The RAO UES Board of Directors approved the development strategy for the energy system of Magadan region and its financial model			
Ust-Srednekanakskaya HEPP	Established. A wholly-owned subsidiary of Kolymaenergo	July 2007	11.09.2007	1-01-55315-E
Ust-SrednekanGEstroy	Established. A wholly-owned subsidiary of Kolymaenergo	July 2007	18.09.2007	1-01-32714-F
72. Yantarenergo (sales-generation+DGC)	The "non-basic" model provides for the establishment of a wholly-owned subsidiary and the transfer of a RAO "UES of Russia" shareholding in Yantarenergo to IDGC Holding Company, forecast – May 2008			
Kaliningrad Generation Company	wholly-owned Yantarenergo subsidiary being established	April 2008		
Yantarenergосбыт	wholly-owned Yantarenergo subsidiary being established	April 2008		

IMPLEMENTATION OF AO-ENERGO RESTRUCTURING PROJECTS AS OF 31.12.2007

TOTAL number of AO-Energo companies included in RAO UESR Holding: 72		"Basic" Restructuring Model	"Non-basic" Restructuring Model	TOTAL
Project Implementation Stages				
APPROVED by the Board of Directors of RAO UES of Russia		50	21	71
NOT YET APPROVED by the Board of Directors of RAO UES of Russia				1*
including approved projects:				
I	HELD: EGM on restructuring	50	7	57
II	HELD: AGM on approval of the Articles of Association and election of management bodies of the companies being created	50	4	54
III	COMPLETED: unbundling (state registration of newly established companies), including:	50	18	68
	Complete unbundling (registration of all singled out companies / completion of project implementation)	50	17 (Kamchatskenergo, Pskovenergo, Samaraenergo, Saratovenergo, Ulyanovskenergo, Taimyrenenergo, Sevkavkazenergo, Karachaevo-Cherkessenergo, Kabbalkenergo, Amurenergo, Dalenergo, Khabarovskenergo, Yakutskenergo, Tyvaenergo, Kolymaenergo, Ingushenergo, Altaienergo)	67
	Partial unbundling (separate companies not yet registered / project implementation continues)		1 (Kalmenergo)	1
IV	SUSPENDED implementation of restructuring project	0	2 (Sakhalinenergo, Chukotenergo)	2**

* The Kaliningrad Region Administration and RAO "UES of Russia" signed the Agreement "On the restructuring of Yantarenergo", the project for yantarenergo restructuring shall be submitted for review of the RAO "UES of Russia" Board of Directors in February 2008.

** **Sakhalinenergo** – The RAO UESR Management Board decided that it is expedient to reorganize Sakhalinenergo and approved the development strategy for 2006-2014 (with the outlook for 2020).

** **Chukotenergo** – Reorganization of the company was suspended until all questions concerning integration of assets are settled with the Administration of Chukot Autonomous Area.



KEY EVENTS AND PLANS

NON-BASIC RESTRUCTURING PROJECTS IMPLEMENTATION AND ESTABLISHMENT OF NEW COMPANIES

Measures for the implementation of the project of reorganization and restructuring of INGUSHENERGO

The project of reorganization and restructuring of *Ingushenergo*, which was approved by the RAO "UES of Russia" Board of Directors (Minutes № 191 of 25.03.2005) in order to settle the company's debts to generation companies of the wholesale power market, AO-energots and RAO "UES of Russia", provides for the alienation of KUEK shares acquired by the Company so as to pay for power grid facilities.

27.11.2007 – The Extraordinary General Meeting of Shareholders of *Ingushenergo* approved the agreement being concluded with RAO "UES of Russia" for the sale and purchase of Ingushenergo-owned shares in *KUEK*.

January - February 2008 – Planned conclusion of agreement and its settlement.

ALTAIENERGO functional unbundling

In 2006 *Altaienergo* was unbundled pursuant to the project for the company's restructuring approved by the RAO "UES of Russia" Board of Directors (Minutes № 211 of 23.12.2005).

Unbundling conducted:

- By means of splitting-off energy sales activities into a separate legal entity – energy sales assets transferred to *Altaienergotsbyt* – wholly-owned RAO "UES of Russia" subsidiary;
- By means of selling property that is used for generation of electricity and heat and transmission of heat – generation facilities alienated in favor of *Kuzbassenergo*.

The project also provides for alienation of *Altaienergo-owned* UNPG facilities *in favor of FGC UES*, including:

23.11.2007 – The Extraordinary General Meeting of Shareholders of *Altaienergo* adopted the decision on the alienation of *Altaienergo-owned* UNPG facilities in favor of FGC UES.

29.12.2007 – Conclusion of contract and signature of handover statements for *Altaienergo-owned* UNPG facilities in favor of FGC UES.

YANTARENERGO restructuring

In the 4th quarter of 2007, upon the initiative of RAO "UES of Russia" together with the Administration of the Kaliningrad Region a program for the Development of the Kaliningrad Region Energy System has been established.

01.12.2007 – Agreements on cooperation during the development of the region's electric power industry and the restructuring of the Kaliningrad Region Energy System signed.

The Agreement on the Restructuring of the Kaliningrad Region Energy System includes:

↓ *1 stage*

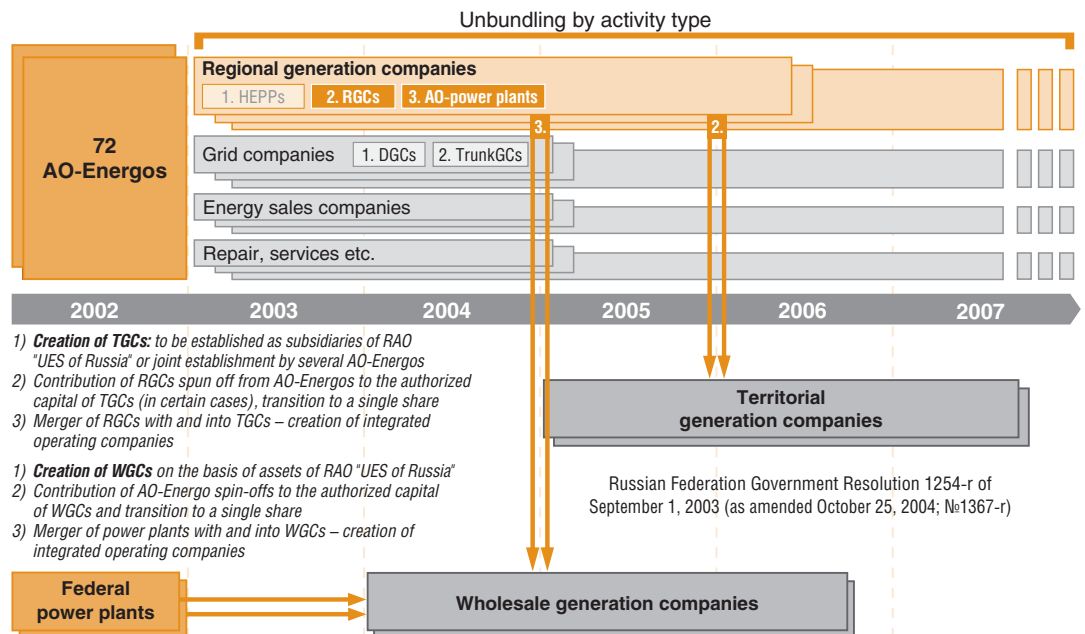
- establishment of a company holding all energy sales assets of the region – *Yantarenergotsbyt*, which is a wholly-owned subsidiary of *Yantarenergo*;
- establishment of accompany holding all generation assets of the region, namely TPP-1, Gusevskaya TPP and SDPP-2 – *Kaliningrad Generation Company*, which is a wholly-owned subsidiary of *Yantarenergo*;
- establishment of a regional dispatch affiliate of SO-CDA UES in the Kaliningrad Region.



GENERATION COMPANIES

In the process of restructuring RAO UES of Russia has undergone major changes. Amalgamated companies have been established, following the principle of horizontal interregional integration.

Assets of generation companies have been consolidated in order for the companies to become comparable in size and functioning conditions.



Wholesale generation companies (WGCs) are formed on the basis of large federal power plants owned by RAO UES of Russia and AO-Energos.

Territorial generation companies (TGCs) are formed on the basis of generation assets of AO-Energos with account of maximum possible integration of generation companies, which doesn't affect formation of free prices in the competitive electricity market. TGCs include generation assets owned by AO-Energos, excluding power plants, which are included in the configuration of WGCs, power plants located in isolated energy systems and certain generation assets (that required individual solutions). Thermal power plants are included in the configuration of TGCs with account of regional peculiarities implied by reform projects for correspondong AO-Energos.



GENERATION COMPANIES OF THE WHOLESALE POWER MARKET (WGCs)

Pursuant to the Appendix to the Concept of RAO UESR's Strategy for 2003-2008 (the "5+5"): **"Generation companies of the wholesale power market"**, WGCs will become the largest generators in the wholesale market. In an effort to restrict the monopoly influence on the competitive wholesale power market, thermal WGCs are being formed on an extraterritorial basis.

In order to increase transparency and openness of the companies for shareholders and investors as well as to increase liquidity of thermal WGCs shares, WGCs are supposed to enter Russian and possibly foreign stock markets by implementing depositary receipts program immediately after their formation is completed.

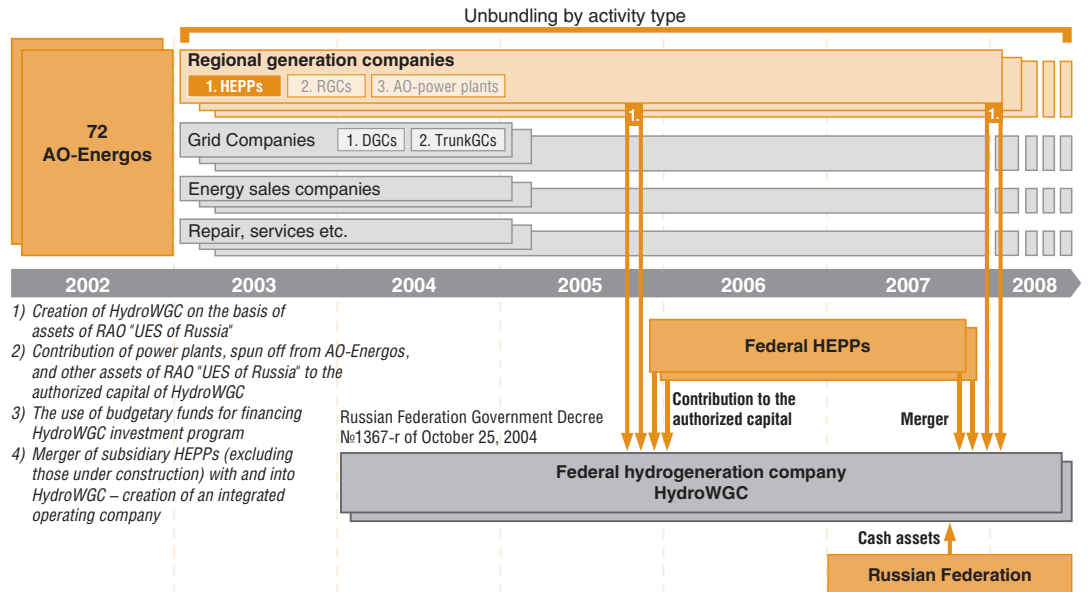
It is very important to make WGCs attractive for investors, thus ensuring that their shares will fall under the "blue chips" category on the Russian stock market.

The target model for HydroWGC functioning implies that after its formation is completed, HydroWGC will become an operating company, which controls affiliates included in its configuration – hydroelectric power plants, and implement corporate governance as far as its subsidiaries (established to organize new activity types, i.e. types of businesses, and implement investment projects) are concerned. The participatory interest of the Russian Federation in the authorized capital of HydroWGC operating company should amount to no less than 50%+1 share.

In order to attract investments to HydroWGC as well as to increase both liquidity of HydroWGC's shares and the company's value, shares of HydroWGC are supposed to be admitted to trading on Russian and possibly on foreign (by implementing depositary receipts program) trading floors. Thereby shares of HydroWGC will become some of most attractive energy assets for investors, thus ensuring that the company will fall under the "blue chips" category on the Russian stock market.

A total of seven WGCs have been established: six of them contain thermal power plants; one is purely hydroelectric.





WGCs have been formed according to the following principles:

- large scale: actual installed capacity of WGCs is between 8,5-22 GW, which equals to generation capacity in small European countries. In many states restructuring of the power sector resulted in creation of companies of a similar size;
- equal starting conditions (in terms of installed capacity, value of assets, average equipment wear);
- minimization of possibilities for monopoly abuse;
- consolidation of companies is based on the type of power generation facilities: thermal WGCs contain thermal power plants (TPPs) and HydroWGC – hydroelectric power plants (HEPPs).

The "basic" model for WGCs establishment, approved by the RAO UESR Board of Directors on September 29, 2003, involved two stages:

- at the first stage, WGCs were established as wholly-owned subsidiaries of RAO UES of Russia with payment for their authorized capitals in RAO UESR-owned shares and property of AO-power plants;
- at the second stage, RAO UESR-owned shares of AO-power plants spun off from AO-Energos were used as payment for the shares of WGCs. Transition to a single share also took place during this stage. It was implemented by exchanging shares on the basis of the uniform appraisal methodology.

As of December 31, 2007 target structure formation of all 6 generation companies of the wholesale market has been completed.

On September 3, 2007 WGC-5 was spun-off from OAO RAO "UES of Russia".

The spin-off of 6 target WGCs from OAO RAO "UES of Russia" is scheduled for **June 30, 2008**.

Shares in all generation companies of the wholesale market have been admitted to trading on the following trading floors: NP RTS, RTS stock exchange and MICEX.



The decision to form a Unified Federal Hydrogeneration Company (HydroWGC) was adopted by the Russian Federation Government proceeding from peculiarities of functioning of hydroelectric power plants in the wholesale power market.

Implementation of HydroWGC target model involves creation of an integrated operating company, which comprises affiliated hydroelectric power plants. In order to organize new activity types, i.e. types of business, and implement investment projects, HydroWGC may create subsidiaries.

At the first stage, two alternatives were implemented: reorganizing subsidiaries of HydroWGC in terms of a merger with and into HydroWGC (this reorganization is applied only to those subsidiaries, in which the company has 100% - 1 share participatory interest) or contributing property of HEPPs owned by those subsidiaries of HydroWGC, in which the company has 100% - 1 share participatory interest, to the authorized capital of HydroWGC.

15.03.2005 – Payment completed of the authorized capital of HydroWGC in shares of companies owned by RAO "UES of Russia", including Volzhskaya HEPP, Zhigulyovsk HEPP, Votkinsk HEPP, Sayano-Shushenskaya HEPP, Zeysk HEPP, Boguchansk HEPP, Bureya HEPP, Zaramagsk HEPPs, Sulakenergo, Zelenchuki HEPPs, KabbalkHEPP, Nizhny Novgorod HEPP, Saratov HEPP, Kama HEPP, Upper Volga Cascade of HEPPs, VoHEPP AM (renamed into HydroWGC AM). HydroWGC Holding Company formed.

Under measures towards formation of HydroWGC, including measures designed to increase the State's interest in the company – I additional HydroWGC share issue, the annual general meeting of shareholders of RAO UES of Russia held **on June 28, 2006** approved the transaction under which RAO UES of Russia will purchase additional shares of HydroWGC. HydroWGC additional shares will be paid for in RAO UES-owned shares and other property of hydroelectric power plants, AO-HEPPs and hydrogeneration companies established in the process of AO-Energo restructuring.

On December 21, 2006 the placement of the I additional issue of shares in HydroWGC was completed. The additional issue was paid for in shares in CheboksaryHEPP, Zelenchuki HEPPs, Dagestan Regional Generation Company, Stavropol Electricity Generation Company, Zaramagsk HEPPs, NIIES, VNIIG of Vedeneev, IC of the Novosibirsk HEPP; other assets of RAO "UES of Russia", as well as cash assets.

On July 27, 2007 under measures towards formation of HydroWGC, including measures designed to increase the State's interest in the company – II additional HydroWGC share issue, the RAO "UES of Russia" Board of Directors approved the acquisition by RAO "UES of Russia" of additional HydroWGC shares with payment for them in RAO UESR-owned shares and other assets of Hydro Electric Power Plants, as well as AO-HEPPs and hydro generating companies created during the structural reform.

On September 26, 2007 payment for the additional issue of shares in HydroWGC in cash assets of the Russian Federation budget to a value of 5 billion rubles was completed.

On November 1, 2007 the placement of the II additional issue of shares in HydroWGC was completed. The issue was paid for in shares in Zaramagsk HEPPs, Krasnoyarsk HEPP, North Ossetia HGC, Sulakenergo, Zelenchuki HEPPs, Verkhne-Mutnovskaya GeoPP, GeoTerm, ESKO UES, with the companies being included in the HydroWGC Holding Company.

At the second stage the remaining AO-HEPPs (subsidiaries of HydroWGC) must be reorganized in terms of a merger with and into HydroWGC. This reorganization is possible only in the event that the interest of the Russian Federation in the authorized capital of HydroWGC (after reorganization of RAO UES of Russia is completed) is no less than 50% + 1 share.



On July 27, 2007 the RAO "UES of Russia" Board of Directors started the reorganization of HydroWGC by means of a merger with 22 of its subsidiaries with the aim of consolidating hydrogeneration assets and attracting funds for investment projects.

On October 12, 2007 the Extraordinary General Meeting of Shareholders of HydroWGC adopted the decision on the reorganization in the form of a merger with 22 subsidiaries.

On October 16, 2007 the Extraordinary General Meetings of Shareholders of 22 subsidiaries of HydroWGC adopted the decision on the reorganization in the form of a merger HydroWGC.

On January 9, 2008 the first stage of HydroWGC consolidation was completed. Entry made to the USRL on the cessation of activities of 20 subsidiaries as a result of a merger with HydroWGC.

The second stage is planned **to be completed by June 15, 2008**.

The spin-off of target company HydroWGC from RAO "UES of Russia" is scheduled **for June 30, 2008**.

HEAT WGCs TARGET STRUCTURE FORMATION

The company	State registration of WGC	Progress in target structure formation	RAO UES share in the authorized capital of WGCs (before IPO), %	RAO UES share in the authorized capital of WGCs (after IPO), %	Admission of securities to the organized market	Capitalization of WGCs as of December 27, 2007, USD bln	Creation of target company (reorganization of RAO UES of Russia)
WGC-1	23.03.2005	completed 29.09.2006	91,68	forecast 19,62	completed 29.11.2006	5,36	30.06.2008
WGC-2	09.03.2005	completed 29.09.2006	80,93	actual 65,53	completed 17.07.2006	4,94	30.06.2008
WGC-3	23.11.2004	completed 01.04.2006	59,71	actual 26,02	completed 09.02.2006	6,93	30.06.2008
WGC-4	04.03.2005	completed 01.07.2006	89,60	actual 22,49	completed 14.07.2006	8,26	30.06.2008
WGC-5	27.10.2004	completed 01.04.2006	87,67	actual 50	completed 14.09.2005	6,17	spun-off of Rao "UES of Russia" 03.09.2007
WGC-6	17.03.2005	completed 29.09.2006	93,48	actual 77,45	completed 04.08.2006	3,34	30.06.2008



CONSOLIDATION OF HydroWGC (as of December 31, 2007)

Stage of formation	Adoption of decisions on implementation of the stage	Completion of the stage	Results of implementation of the stage	The share of RAO UES of Russia in HydroWGC
Formation of HydroWGC authorized capital				
Payments for HydroWGC authorized capital	22.12.2004 – The Board of Directors of RAO UES of Russia (Minutes №183 of December 22, 2004) decided to establish HydroWGC (a wholly-owned subsidiary of RAO UES of Russia)	26.12.2004 – state registration of HydroWGC	HydroWGC Holding Company was formed on the basis of hydrogeneration assets of RAO UES of Russia (15 AO-HEPPs, HydroWGC Management Company)	100 %
	15.03.2005 – RAO UES-owned shares in the following subsidiaries were included in HydroWGC configuration: Volga HEPP, Zhigulyovsk HEPP, Votkinsk HEPP, Nefrozozhny Sayano-Shushensk HEPPs, Zeya HEPP, Boguchansk HEPP, Bureya HEPP, Zaramagask HEPPs, Zelenchuki HEPPs, Kabbalka HEPP, Sulakenergo, Nizhni Novgorod HEPP, Saratov HEPP, Kama HEPP, Upper Volga Cascade of HEPPs, Volga Hydropower Cascade Management Company (VoGEC) (renamed HydroWGC Management Company)	15.03.2005 – all payments for HydroWGC authorized capital settled		
Placement of the first issue of additional shares by HydroWGC	28.10.2005 – The Board of Directors of RAO UES of Russia (under the competence of the EGM of shareholders of HydroWGC, Minutes №207 of October 28, 2005) decided to increase the authorized capital of HydroWGC by means of placement of the company's additional shares at the cost of 120 mln rubles. The shares shall be privately offered to RAO UES of Russia and the Russian Federation	21.03.2006 – Federal Financial Markets Service registered the issue of additional shares by HydroWGC	AO-HEPPs spun off from reorganized AO-Energos (7 AO-HEPPs) were included in the configuration of HydroWGC Holding Company	100 %
	28.06.2006 – The EGM of shareholders of RAO UES of Russia approved the decision to use shares in Cheboksary HEPP, Dagestan Regional Generation Company, Stavropol Power Generation Company, Zaramagask HEPPs, Zelenchuki HEPPs, Scientific Research Institute of Energy Structures (NIIES), the B.E. Vedenev all-Russian Research Institute of Hydraulic Engineering (VNIIG), property of Novosibirsk HEPP, other property of RAO UES of Russia, and cash assets as payment for additional shares issued by HydroWGC	21.12.2006 – Federal Financial Markets Service registered the report on the results of additional shares issue by HydroWGC		
Placement of the second issue of additional shares by HydroWGC	25.05.2007 – The Board of Directors of RAO UES of Russia (under the competence of the EGM of shareholders of HydroWGC, Minutes №252 of May 25, 2007) decided to increase the authorized capital of HydroWGC by means of placement of the company's additional shares at the cost of 110 bin rubles. The shares shall be privately offered to RAO UES of Russia and the Russian Federation in favor of OAO RAO "UES of Russia", the Russian Federation and EZOP	05.07.2007 – FFMS registration of the additional HydroWGC share issue	Attraction of funds for the implementation of HydroWGC investment (19.95 billion rubles attracted) and optional programs and inclusion of profile assets into the Holding Company	96 %
	27.07.2007 – OAO RAO "UES of Russia" BD (minutes № 256) approved the payment of additional HydroWGC share issue in shares of Zelenchuki HEPPs, Zaramagask HEPPs, Sulakenergo, Vilyusk HEPP-3, North Osetia HGC, Krasnoyarsk HEPP, other OAO RAO "UES of Russia" property and financial assets (14.95 bin rubles).	01.11.2007 – Registration of the report on the results of additional shares issue by HydroWGC by the FFMS		
Reorganization of HydroWGC in the form of a takeover				
Takeover of 22 subsidiaries by HydroWGC	27.07.2007 - OAO RAO "UES of Russia" BD (minutes № 256) approved coefficients for the conversion of shares of 22 AO-HEPPs being merged with HydroWGC into HydroWGC shares.	09.01.2008 – Entry made to the USRLE on the cessation of activities of 20 HydroWGC subsidiaries as a result of their merger into HydroWGC (RAO UES of Russia participation in HydroWGC decreased to 77.93%).		government stake at least 50% + 1 share
	16.10.2007 - EGMs of 22 HydroWGC subsidiaries on the reorganization in terms of a merger with HydroWGC issue.	01.11.2008 – Merger completed, entry made to the USRLE on the cessation of activities of 20 HydroWGC subsidiaries.		
Reorganization of RAO UES of Russia	15.06.2008 – Merger completed, entry made to the USRLE on the cessation of activities of Irghansk SDPP and Nizhne-Chereksk Cascade of HEPPs.	30.06.2008	HydroWGC consolidation completed	government stake at least 50% + 1 share
	27.04.2007 – The Board of Directors of RAO UES of Russia (Minutes №250) approved the model for the final reorganization of the Company in the form of a spin-off. HydroWGC State Holding Company and HydroWGC Minority Holding Company will be spun off. The spin-off of these companies will be accompanied by their merger with and into HydroWGC.	26.10.2007 – OAO RAO "UES of Russia" EGM on the reorganization in form of a spin-off of the Company.		

KEY EVENTS AND PLANS

REORGANIZATION OF HydroWGC IN THE FORM OF A MERGER

12.10.2007 – The Extraordinary General Meeting of Shareholders of HydroWGC adopted the decision on the reorganization in the form of a merger with **22 subsidiaries**, as well as a **HydroWGC State Holding Company and HydroWGC Minority Holding Company**, that are being spun-off from RAO "UES of Russia"

16.10.2007 – The Extraordinary General Meetings of Shareholders of **22 subsidiaries of HydroWGC** adopted the decision on the reorganization in the form of a merger HydroWGC, including:

- | | |
|--|--|
| ■ Volzhskaya HEPP | ■ Cheboksary HEPP |
| ■ Zhigulyovsk HEPP | ■ Nizhny Novgorod HEPP |
| ■ Votkinsk HEPP | ■ Saratov HEPP |
| ■ Sayano-Shushenskaya HEPP | ■ Kama HEPP |
| ■ Zeysk HEPP | ■ Upper Volga Cascade of HEPPs |
| ■ Sulakenergo | ■ Bureya HEPP |
| ■ Zelenchuki HEPPs | ■ North Ossetia Hydrogeneration Company |
| ■ KabbalkHEPP | ■ EOZ |
| ■ Dagestan Regional Generation Company | ■ Nizhne-Chereksk Cascade of HEPPs |
| ■ Stavropol Electricity Generation Company | ■ Kabardino-Balkaria Hydrogeneration Company |
| ■ Zagorsk PSPP | ■ Irganaisk HEPP |

09.01.2008 – First stage of HydroWGC consolidation completed. Entry made to the USRLE on the cessation of activities of **20 subsidiaries** as a result of a merger with HydroWGC, including:

- | | |
|--|--|
| ■ Volzhskaya HEPP | ■ Zagorsk PSPP |
| ■ Zhigulyovsk HEPP | ■ Cheboksary HEPP |
| ■ Votkinsk HEPP | ■ Nizhny Novgorod HEPP |
| ■ Sayano-Shushenskaya HEPP | ■ Saratov HEPP |
| ■ Zeysk HEPP | ■ Kama HEPP |
| ■ Sulakenergo | ■ Upper Volga Cascade of HEPPs |
| ■ Zelenchuki HEPPs | ■ Bureya HEPP |
| ■ KabbalkHEPP | ■ North Ossetia Hydrogeneration Company |
| ■ Dagestan Regional Generation Company | ■ EOZ |
| ■ Stavropol Electricity Generation Company | ■ Kabardino-Balkaria Hydrogeneration Company |

The interest of RAO "UES of Russia" in the authorized capital of HydroWGC as a result of the merger totaled **77,93%**.

February 2008 – Planned entry of HydroWGC securities into the organized market.

15.06.2008 – Planned completion of the consolidation of HydroWGC, merger with **Irganaisk HEPP and Nizhne-Chereksk Cascade of HEPPs**.

30.06.2008 – Planned spin-off of target company HydroWGC from RAO "UES of Russia".



PLACEMENT OF THE II ADDITIONAL HydroWGC SHARE ISSUE

In the IV quarter of 2007 pursuant to the decision of the RAO "UES of Russia" Board of Directors (№ 250 of 27.04.2007) the II additional issue of shares in HydroWGC was completed, with the aim of consolidating hydro generation assets and attracting funds for the implementation of investment projects.

08.10.2007 – *Completion of the placement of the II additional issue* of shares in HydroWGC with payment for them in RAO "UES of Russia"-owned *Viluysk HEPP-3, Zaramagsk HEPPs, Krasnoyarsk HEPP, North Ossetia HGC, Sulakenergo, Zelenchuki HEPPs, Verkhne-Mutnovskaya GeoPP, GeoTerm and ESKO* UES shares.

01.11.2007 – state registration of the report on the results of the placement of the II additional issue of shares in HydroWGC with payment for them in RAO "UES of Russia"-owned property and cash assets, as well as financial assets from the federal budget of the Russian Federation (5 billion rubles). As a result of the additional share issue **19,95 billion rubles were attracted** for the implementation of HydroWGC investment projects.

PLACEMENT OF THE ADDITIONAL IRGANAISK HEPP SHARE ISSUE (consolidation of hydrogeneration assets within HydroWGC)

The strategy of HydroWGC consolidation includes an additional issue of shares in *Irganaisk HEPP* with payment due in profile assets and financial assets of RAO "UES of Russia", before the merger of *Irganaisk HEPP* into HydroWGC.

08.11.2007 – State registration of the additional issue of shares in *Irganaisk HEPP*, placed in favor of RAO "UES of Russia".

30.11.2007 – The RAO "UES of Russia" Board of directors adopted the decision to acquire additional shares in *Irganaisk HEPP* with payment in cash assets and profile property, namely shares in *Kolymaenergo, ChirkeiHEPPstroy, NIIES, VNIIG of Vedeneev and HydroWGC AM*.

03.12.2007 – The *Irganaisk HEPP* Board of Directors approved the list of RAO "UES of Russia" assets, which are being used as payment for additional shares in *Irganaisk HEPP* and their value.

Measures for the placement of the additional issue of shares in *Irganaisk HEPP* are planned **to be completed before 01.04.2008**.

Including:

January - February 2008 – Planned completion of payment of the additional issue of shares in *Irganaisk HEPP* in cash assets of RAO "UES of Russia".

February 2008 – Planned RAO "UES of Russia" Board of Directors meeting on the issue of using shares in *Lenhydroproject HydroWGC*, spun-off from *UES Engineering Centre* as payment for additional shares in *Irganaisk HEPP*.

20.02.2008 – Planned *Irganaisk SDPP* Board of Directors meeting on the issue of calculating the value of *Lenhydroproject HydroWGC* that is to be used as payment for additional shares in the Company.

01.04.2008 – Planned completion of the additional *Irganaisk SDPP* share issue placement with payment in profile assets and financial assets of RAO "UES of Russia", FFMS registration of the report on the results of the additional share issue.

15.06.2008 – Planned completion of the merger of *Irganaisk HEPP* with HydroWGC as part of the schedule of HydroWGC target structure formation.



PLACEMENT OF THE ADDITIONAL ISSUE OF SHARES IN NC CASCADE OF HEPPS

The HydroWGC target structure formation scheme includes gaining corporate and asset control over **NC Cascade of HEPPs** (wholly-owned subsidiary of **Kabbalkenergo**) by means of placing an additional issue of shares in the Company with payment in **Kashkhtau HEPP** assets, owned by **Kabbalkenergo**. Subsequently NC Cascade of HEPPs additional shares acquired by **Kabbalkenergo** are planned to be alienated in favor of HydroWGC. This scheme must be implemented before the merger of NC Cascade of HEPPs into HydroWGC.

30.11.2007 – The RAO "UES of Russia" Board of Directors approved the participation of **Kabbalkenergo in NC Cascade of HEPPs** by means of using **Kashkhtau HEPP** assets as payment for the additional issue of shares in NC Cascade of HEPPs.

24.12.2007 – The **Kabbalkenergo** Board of Directors:

- Within the competence of the EGM of shareholders of **NC Cascade of HEPPs** a decision has been made to increase the authorized capital of NC Cascade of HEPPs by means of a placement of additional shares with payment due in **Kabbalkenergo** assets;
- Approval of the participation of **Kabbalkenergo in NC Cascade of HEPPs** by means of acquiring additional shares in NC Cascade of HEPPs;
- **25.01.2008** – date set for the Extraordinary General Meeting of **Kabbalkenergo** Shareholders on the issue of approving the transaction that includes using **Kashkhtau HEPP** as payment for additional shares in **NC Cascade of HEPPs**.

24.12.2007 – the **NC Cascade of HEPPs** Board of Directors determined the placing price of shares and approved the decision on the additional issue of shares, being placed through private subscription with payment in **Kashkhtau HEPP** assets, owned by **Kabbalkenergo**.

Measures for the placement of the additional issue of shares in **NC Cascade of HEPPs** are planned to be completed before April of 2008.

Including:

25.01.2008 – Planned Extraordinary General Meeting of **Kabbalkenergo** Shareholders on the issue of approving an interested-party transaction, namely the payment of additional NC Cascade of HEPPs shares in **Kashkhtau HEPP** assets.

February 2008 – Planned start of the placement of additional shares in NC Cascade of HEPPs – FFMS registration of the decision on the additional share issue.

April 2008 – Planned completion of the additional NC Cascade of HEPPs share issue placement – FFMS registration of the report on the results of the additional share issue.

May 2008 – Planned Extraordinary General Meeting of **Kabbalkenergo** Shareholders on the issue of alienating NC Cascade of HEPPs shares in favor of **HydroWGC**.

15.06.2008 – Planned completion of the merger of NC Cascade of HEPPs with **HydroWGC** as part of the schedule of **HydroWGC** target structure formation.



TERRITORIAL GENERATION COMPANIES (TGCs)

Pursuant to the Appendix to the Concept of RAO UESR's Strategy for 2003-2008 (the "5+5"): **"Territorial generation companies created on the basis of assets of the RAO UESR Holding"** TGCs are formed according to the following principles:

- the need to establish major financially secure companies;
- minimization of possibilities for monopoly abuse in the wholesale electricity market;
- amalgamation of power plants on a territorial basis;
- reduction of state control in the field of electric power generation.

Taking into account TGCs formation dynamics, some companies will attract additional funds to support their development, for instance by implementing measures designed to issue additional shares. Funds to be attracted during placing of shares are supposed to be used mainly for implementation of promising investment projects designed to increase working capacity of generation assets and make use of new equipment, as well as to improve applied technologies and ensure following contemporary world standards.

While TGCs shares are entering the market, transparency and openness of companies for shareholders and investors is substantially increasing, as well as liquidity of TGCs shares. Implementation of the aforementioned measures should encourage TGCs shares to become some of the most attractive energy assets for investors.

Interregional integration of generation assets of regional energy companies into TGCs provides opportunities for the establishment of financially secure companies, which will be able to successfully operate in the competitive wholesale electricity market, as well as to supply regional consumers with electric power and heat.



Pursuant to the Russian Federation Government Resolution "*The Main Directions of the Electric Power Industry Reform*" № 526 of July 11, 2001 the Board of Directors of RAO UES of Russia held on April 23, 2004 approved the establishment of 14 TGCs. Their configuration was specified by the Board of Directors' decision of February 3, 2006.

Target operating model for each TGC involves formation of integrated operating companies due to reorganization of regional generation companies (RGCs) and TGCs.

The basic model for TGCs formation implies that at the initial stage TGCs are established as wholly owned subsidiaries of RAO UES of Russia with minority shareholders of RGCs being able to participate in the authorized capitals of TGCs. Alongside with the basic model, it is possible to use the alternative model, which allows for joint establishment of TGCs by several AO-Energo companies (RGCs).

In the process of reorganization shareholders of RGCs may convert their shares to shares of TGCs using fair conversion ratios.

In order to launch operating activities as soon as possible, formation models for some TGCs allow for implementation of the following intermediate mechanisms:

- lease of generation capacities of corresponding RGCs (AO-Energos) by TGCs;
- transfer of executive powers of corresponding RGCs to TGCs.

As of December 31, 2007 the RAO UES Board of Directors has approved restructuring projects for all 14 TGCs:

- 10 TGCs are being formed on the basis of wholly-owned subsidiaries of RAO UES of Russia established in 2004-2005;
- Mosenergo (TGC-3) was established on the basis of Mosenergo generation facilities as a result of the company's unbundling by activity type (completed on April 1, 2005);
- Volzhskaya TGC (TGC-7) was jointly established by Samaraenergo, Saratovenergo, and Ulyanovskenergo;
- TGC-1 was jointly established by Kolenergo, Karelenegero, and Lenenergo;
- TGC-12 was established on the basis of Kuzbassenergo generation facilities (functional unbundling of Kuzbassenergo was completed on July 1, 2006).

As of December 31, 2007 formation of all 14 territorial generation companies as per their target models has been completed.

On September 3, 2007 TGC-5 was spun-off from RAO "UES of Russia".

On June 30, 2008 it is planned to spin-off 13 target TGCs from RAO "UES of Russia".

Shares in all of the territorial generation companies have been admitted to trading on the RTS Stock Exchange, NP RTS, and MICEX.



TGC STRUCTURE AND STATUS AS OF 31.12.2007

Ref. TGC	AO-Energo spin-off		Lease/ Co-establishment		Takeover of RGC by TGC / establishment of Holding Company
	RGC	State Registration of RGC	State Registration of TGC	Operating Activities Start (lease, transition period)	Completion of target structure formation
TGC-1	Karelennergogeneration	01.01.2005			01.11.2006 – 1st stage completed, takeover of 4 RGCs 30.05.2007 – target structure achieved, Murmansk CHPP included in TGC-1
	Kola Generation Company	01.10.2005			
	Petersburg Generation Company	01.10.2005	25.03.2005 (completed)	01.10.2005 (completed)	
	Apatity HPP, Murmansk HPP	01.10.2005			
TGC-2	Arkhangelsk Generation Company	01.04.2005			01.07.2006 – 1st stage completed, takeover of 5 RGCs 03.05.2007 – target structure achieved, takeover of Arkhangelsk GC
	Vologda HPP	01.10.2005			
	Kostroma Generation Company	01.01.2005			
	Novgorod Generation Company	01.04.2005			
	Tver Generation Company	11.01.2005	19.04.2005 (completed)	no lease	
	Yaroslavl Energy Company	11.01.2005			
TGC-3	Mosenergo	01.04.2005	01.04.2005 (compl.)	TGC-3 was established upon Mosenergo unbundling, target structure achieved	
TGC-4	Bryansk Generation Company	01.10.2004			15.09.2006 – target structure achieved, takeover of 11 RGCs
	Voronezh Generation Company	31.08.2004			
	Kaluga Generation Company	01.04.2004			
	Kursk Generation Company	01.02.2005			
	Lipetsk Generation Company	11.01.2005			
	Orel Generation Company	01.04.2005			
	Ryasan Heat Supply Company	11.01.2005			
	Smolensk Generation Company	01.02.2005			
	Tambov Generation Company	11.01.2005			
	Heat and Power Company (Belgorodenergo)	01.10.2004	20.04.2005 (completed)	no lease	
	Priokskaya Territorial Generation Company (Tulenergo)	01.04.2005			
TGC-5	Vyatka Power Heat Company (Kirovenergo)	01.05.2005			31.03.2006 – target structure achieved, takeover of 4 RGCs
	Mari Regional Generation Company	01.01.2005			
	Udmurtia Territorial Generation Company	01.01.2005	22.03.2005 (completed)	01.07.2005 (completed)	
	Chuvashi Generation Company	01.01.2005			
TGC-6	Vladimir Generation Company	01.01.2005			13.06.2006 – completion of Holding formation, 01.03.2007 – target structure achieved, takeover of 6 RGCs (TGC-6 SDCs)
	Ivanovo Generation Company	01.01.2005			
	Mordovia Generation Company	01.02.2005			
	Mordovia Heat Network Company	01.02.2005			
	Nizhni Novgorod Generation Company	01.02.2005	27.04.2005 (completed)	no lease	
	Penza Generation Company	01.01.2005			
TGC-7	Orenburg Heat Generation Company	01.07.2005		co-establishment, no lease	06.03.2007 – completion of Holding formation, Orenburg Heat Generation Company included in the Holding 01.06.2007 – target structure achieved, takeover of 3 RGCs
	Samara Territorial Generation Company	01.04.2006			
	Saratov Territorial Generation Company	01.04.2006	01.08.2005 (completed)	01.01.2006 (completed)	
	Ulianovsk Territorial Generation Company	01.04.2006			
TGC-8	Astrakhan Regional Generation Company	11.01.2005			01.06.2006 – 1st stage completed, takeover of 5 RGCs 30.06.2007 – target structure achieved, Kuban Generation Company included in the Holding
	Volzhskaya GC (Volgogradenergo)	01.01.2005			
	Dagestan Heat Generation Company	03.05.2005			
	Kuban Generation Company	01.07.2006			
	Rostov Generation Company	11.01.2005	22.03.2005 (completed)	01.07.2005 (completed)	
	Stavropol Heat Generation Company	01.04.2005			
TGC-9	Komi regional Generation Company	01.07.2006			01.05.2006 – 1st stage completed, takeover of 2 RGCs 01.02.2007 – target structure achieved, takeover of Komi regional Generation Company
	Perm Generation Company	01.04.2005	09.12.2004 (completed)	01.04.2005 (completed)	
	Sverdlovsk Generation Company	01.04.2005			
TGC-10	Kurgan Generation Company	01.07.2006			01.12.2006 – 1st stage completed, Chelyabinsk GC and TGC-10 taken over by Tyumen RGC 20.12.2007 – target structure achieved, Kurgan GC included in the Holding 01.11.2007 – target structure achieved, takeover of Tomskenergo and Omsk Power Generation Company
	Tyumen Regional Generation Company	01.07.2005	30.03.2005 (completed)	no lease	
	Chelyabinsk Generation Company	01.02.2005			
TGC-11	Omsk Power Generation Company	03.08.2005	26.08.2005 (completed)	no lease	
	Tomskenergo	01.04.2005			
TGC-12	"non-basic"		TGC-12 target structure is formed on the basis of Kuzbassenergo assets, with Kuzbassenergo purchasing generation property from Altaienergo (settlement of the transaction on 30.03.2007), target structure achieved		
	Altayenergo (generating assets) Kuzbassenergo	31.12.2006 01.07.2006			
TGC-13	Krasnoyarsk Generation	01.10.2005			31.12.2006 – 1st stage completed, takeover of Krasnoyarsk Generation and TGC-13 by Khakass Generation Company 13.12.2007 – target structure achieved, Kyzyl CHPP included in the Holding
	Kyzyl CHPP	26.02.2007	28.06.2005 (completed)	no lease	
	Khakass Generation Company	01.07.2005			
TGC-14	Buryatgeneration	30.12.2005	07.12.2004 (completed)	01.02.2005 (completed)	29.09.2006 – target structure achieved, Buryatgeneration and Chita Generation Company taken over by TGC-14
	Chita Generation Company	30.12.2005			

TGC ESTABLISHMENT SCHEDULE

No	Name of TGC	TGC State Registration	Target structure formation/stages	RGC/TGC shareholders meeting on reorganization in terms of a merger/issue of additional shares	Target structure (completion of merger/Holding)	RAO UES share in the authorized capitals of TGCs (before IPO), %	Admission of securities to trading on the stock market	Capitalization of TGC, USD bln.	Creation of target companies (reorganization of RAO UES of Russia)	Remarks	
1.	TGC-1	25.03.2005	I	21.07.2006	01.11.2006*	55,66			30.06.2008	* Completed, 4 RGC state registrations	
			II	21.07.2006	30.05.2007**	55,70	29.12.2006	4,814	(forecast)	** Murmansk CHPP included in the Holding * EgMs of Kostroma Generation Company and Yaroslavl Energy Company	
2.	TGC-2	19.04.2005	I	27.02.2006 27.03.2006*	01.07.2006**	49,19			30.06.2008	** Completed, 5 RGC state registrations	
			II	—	03.05.2007***	49,36	18.10.2006	1,107	(forecast)	*** Completed, Arkhangelsk GC state registration	
3.	TGC-3	01.04.2005*		—	—	50,90	—	9,739	30.06.2008 (forecast)	* TGC established as a result of Mosenergo unbundling	
4.	TGC-4	20.04.2005		28.02.2006 21.07.2006**	15.09.2006*	47,32	28.11.2006	1,631	30.06.2008 (forecast)	* Completed, 11 RGC state registrations ** Second Heat Generation Company (Belgorod) EGM	
5.	TGC-5	22.03.2005		05.12.2005	31.03.2006	0	17.07.2006	1,144	03.09.2007	Completed, 4 RGC state registrations	
6.	TGC-6	27.04.2005	I	27.01.2006	05.05.2006*	61,85			30.06.2008	* Competed, Holding formed (6 RGCs) ** Completed, 6 RGC state registrations (TGC-6 SDCs)	
			II	18.12.2006**	01.03.2007**	50,23	12.07.2006	1,418	(forecast)		
7.	TGC-7	01.08.2005	I	11.08.2006	06.03.2007*	10,54			30.06.2008	* Orenburg Heat Generation Company included in the Holding	
			II	15.01.2007	01.06.2007**	54,47	01.08.2007	2,873	(forecast)	** Completed, state registration of Samara TGC, Saratov TGC and Ulyanovsk TGC	
8.	TGC-8	22.03.2005	I	23.12.2005	01.06.2006*	50,01			30.06.2008	* Completed, 5 RGC state registrations	
			II	22.01.2007**	30.06.2007***	54,00	15.08.2006	1,802	(forecast)	** At Kuban Generation Company EGM merger not approved *** Kuban GC included in the Holding	
9.	TGC-9	09.12.2004	I	19.12.2005	01.05.2006*	50,03			30.06.2008	* Completed, 5 RGC state registrations	
			II	15.11.2006	01.02.2007**	50,05	15.09.2006	1,595	(forecast)	** Completed, Komi Regional Generation Company state registration	
10.	TGC-10	30.03.2005	I	24.07.2006*	01.12.2006*	81,60			30.06.2008	* Completed, Chelyabinsk GC and TGC-10 state registration (merger with Tumen RGC)	
			II	31.08.2007**	20.12.2007**	81,54	04.04.2007	1,73	(forecast)	** Kurgan Generation Company included in the Holding	
11.	TGC-11	26.08.2005		22.01.2007* 24.08.2007**	01.11.2007**	50,46	11.12.2007	will be determined on the basis of trading results	30.06.2008 (forecast)	* At Tomskenergo EGM merger not approved ** Tomskenergo and Omsk Generation Company state registration	
12.	TGC-12			TGC-12 target structure is formed on the basis of Kuzbassenergo assets, with Kuzbassenergo purchasing generation property from Altaienergo			49,0	—	1,67	30.06.2008 (forecast)	* Payment for Altaienergo generation property
			I	18.08.2006*	31.12.2006*	56,92			30.06.2008	* Completed, state registration of Krasnoyarsk Generation and TGC-13 (merger with Khakass GC)	
13.	TGC-13	28.06.2005	II	17.05.2007	13.12.2007**	56,46	27.03.2007	1,351	(forecast)	** Kyzyl CHPP included in the Holding	
14.	TGC-14	07.12.2004		28.07.2006	29.09.2006*	49,45	18.01.2007	0,163	30.06.2008 (forecast)	* Completed, 2 RGC state registrations	



TGC TARGET STRUCTURE FORMATION AS OF DECEMBER 31, 2007

TOTAL number of Territorial Generation Companies (TGCs) to be established		14
The procedure of target structure formation APPROVED by the RAO UESR Board of Directors		14
including those of approved projects:		
I	COMPLETED TGC state registration <i>transition period not yet completed (not yet reorganized in terms of a merger)</i>	13* (TGC-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14) 0
II	EGMs of shareholders of TGCs and RGCs APPROVED reorganization in terms of a merger	12 (TGC-1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14)
III	The 1st STAGE of TGC REORGANIZATION in terms of a merger (merger and/or inclusion of corresponding RGCs in the configuration of the Holding not yet completed)	0
IV	The Holding company FORMED (TGC additional shares were placed with payment for them in shares of RGCs included in TGC configuration) <i>including Holding companies reorganized in terms of a merger with corresponding subsidiaries</i>	6 (TGC-1, 6, 7, 8, 10, 13) 1 (TGC-6)
V	Shares of TGCs are being traded on the stock exchanges	14 (TGC-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)
VI	COMPLETE FORMATION of target structure (creation of operating companies completed and/or all RGCs included in TGC configuration merged with corresponding TGCs/were included into the Holding companies)	14 (TGC-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)
VII	TGCs singled out of RAO "UES of Russia"	1 (TGC-5)

* TGC-12 target structure is formed on the basis of Kuzbassenergo assets, with Kuzbassenergo purchasing generation property from Altaienergo.



KEY EVENTS AND PLANS

COMPLETION OF TGC TARGET STRUCTURE FORMATION

TGC-10

03.10.2007 – State registration of the decision on the additional issue of shares in TGC-10, with payment for them in RAO "UES of Russia"-owned *Kurgan Generation Company* shares – start of additional share placement.

20.12.2007 – *Kurgan Generation Company included in TGC-10 Holding Company*. Additional TGC-10 share placement completed, report registered on the results of placement of the additional issue of shares in TGC-10 with payment in 49% Kurgan Generation Company shares owned by RAO "UES of Russia".

TGC-11

01.11.2007 – *TGC-11 reorganization in the form of a merger with Tomskenergo and Omsk Power Generation Company completed*. Entry made to the USRLE that Tomskenergo and Omsk Power Generation Company ceased operations as a result of a merger with TGC-11.

YENISEYSKAYA TGC (TGC-13)

13.12.2007 – *Kyzyl CHPP included in Yeniseyskaya TGC (TGC-13) Holding Company*. Completion of additional Yeniseyskaya TGC (TGC-13) share issue placement. Report registered on the results of placement of the additional issue of shares in Yeniseyskaya TGC (TGC-13) with payment in 100% Kyzyl CHPP shares owned by Tyvaenergo.

ADMISSION OF SECURITIES ISSUED BY ESTABLISHED TGCS TO THE ORGANIZED MARKET

As of **31.12.2007** shares in *all 14 TGCs* have been admitted to trading on the organized market.

Including, in the 4th quarter of 2007:

11.12.2007 – TGC-11 shares admitted to trading on RTS Stock Exchange and NP RTS floors.

28.12.2007 – TGC-11 shares admitted to trading on MICEX.



SYSTEM OPERATOR – CENTRAL DISPATCH ADMINISTRATION OF THE UNIFIED ENERGY SYSTEM



Open joint-stock company "System Operator – Central Dispatch Administration of the Unified Energy System" (SO-CDA UES) **was established on June 17, 2002** as a wholly-owned subsidiary of RAO UES of Russia. The company includes 7 integrated dispatch administrations (IDAs), 58 regional dispatch administrations (RDAs) and 7 regional Energotekhnadzor affiliates.

The Science and Research Institute for the transmission of Electric Power through High Voltage Electric Current is a subsidiary of SO-CDA. This Institute is a leading research centre of the Russian electric power industry and the main base for science-and-research and engineering-and-design works aimed at ensuring system reliability and development of the UES of Russia.

As of December 31, 2007 70% shares in SO-CDA are owned by RAO "UES of Russia" and 30% by the Russian federation represented by Rosimushestvo.

SO-CDA UES is the highest level of the operational and dispatching system of the electric power industry and is empowered to:

- ensure adherence to specified characteristics of functioning of the unified energy system of Russia and quality of electric power;
- monitor operating regimes of electric power facilities;
- prepare forecasts of volumes of electric power production and consumption, calculate and analyze electricity and capacity balance forecasts, participate in the creation of a reserve of electric power production capacities;
- in co-operation with FGC UES, develop and present to the competent federal authority measures, technological schemes and projects for the development of unified energy system of Russia and participate in their implementation. Analyze and co-ordinate plans for future development of energy systems;
- coordinate periodic repairs and decommissioning of electric power grid facilities and electricity and heat production units, as well as commissioning them after repair works;
- give out dispatching commands and orders of compulsory implementation, related to the functions of the system's operator, to participants of the electric power industry and consumers of electric power;
- analyze sustainability of the energy system and calculate allowed volumes of capacity to be transmitted through separate network elements and groups of these elements;
- prepare optimum daily schedules for power plants and power grids of the unified energy system of Russia;
- regulate the power current frequency, develop and ensure functioning of systems of automatic electric power and capacity frequency regulation, as well as automatic control systems and emergency control schemes;
- establish and ensure readiness of the back-up system of technological dispatching management;
- participate in the formation and the issue of requirements needed to operate within the unified energy system of Russia to territorial distribution grids and electric power industry participants that are being included in the unified national (all-Russian) power grid;
- select contractors of services for ensuring system reliability, for emergency control of the unified energy system of Russia, pay for these services, as well as conclude agreements and pay for services of establishing a technological capacity reserve needed to ensure the reliability of functioning of the unified energy system of Russia pursuant to stipulations of the RF Government;
- control over the timely and orderly implementation of investment programs of generation companies established as a result of capacity trading;
- monitor parallel operation of the Russian energy system and energy systems of foreign countries, including the sale and purchase of electric power (capacity) in order to technologically provide for their joint operation.



In the field of market support and development

Large-scale testing of System Operator technological processes and information exchange with NP ATS has been organized within no-price zones of the wholesale electricity (capacity) market. Changes to the guidelines of the wholesale electricity (capacity) market have been prepared and coordinated.

Due to the changes in the number of market participants and the necessity to enhance the quality of planning as far as operating regimes of the energy system are concerned, the settlement system of the unified energy system of Russia was adjusted:

- **in European Russia and Urals** – up to 7 209 nodes, 10 864 branches, 777 generators and 918 consumers;
- **in the IES of Siberia** – up to 600 nodes, 1065 branches, 115 generators and 119 consumers.



In order to ensure the consideration of changes in the guidelines of the market a mechanism for the monitoring and management of integrated restrictions of hydro- and thermal power plant production on the basis of integrated bids of participants has been reworked to include actual production.

As far as the development of balancing market is concerned, it is planned to improve the software of the Balancing Market Automated System, which is aimed at increasing efficiency of the balancing market

In order to prepare for the launch of the competitive capacity market specialized software providing for the competitive selection of capacities has been developed and tested. This software allows participants to submit bids for the competitive selection of capacities procedure, store and visualize submitted bids, form a unified bidding profile and upload it.

In the near future the System Operator will need to accomplish the following tasks:

- ensuring readiness for the launch and maintenance of a competitive capacity market;
- ensuring readiness for the launch and maintenance of ancillary services market;
- launching a single settlement system in the European part of the energy system of Russia and in the IES of Siberia (which correspond to the 1st and the 2nd price zones of the wholesale electricity market);
- developing technologies used by the System Operator in the balancing and day ahead markets and timely updating of corresponding regulations.



**In relation to formation of the organizational structure,
the property system and the science-and-production system**

The following have been commissioned:

- a new dispatching centre of the Moscow RDA, equipped with state of the art facilities, including a video screen showing 555 units and 897 transmission lines of different types with a voltage of 110 to 750 kV functioning within the energy system of Moscow;
- a new dispatching centre of the Rostov RDA;
- a new dispatching centre of an SO-CDA UES affiliate – the Mid-Volga IDA;
- a new hardware and software package for long-term planning of energy system regimes on the basis of HSP PESR. This new package shall be used to plan electric regimes of the BRELL Electric Ring;
- a new hardware and software package "Information System of Export/Import of Electric Power to Foreign States";
- the new "Energy" software package located in the SO-CDA UES executive office. This package is intended for processing operational data and forming daily and monthly indicators of planned consumption, electricity generation and heat supply;
- the "Bids" software package located in the SO-CDA UES executive office. This package is intended for processing bids for adjustments in the operation structure of equipment and technological operation regimes;
- a unique computer system that is part of the automatic system for the calculation of volumes and prices on the balancing market of electric power (ASBM).

Building reconstruction works and construction of new dispatching centers is being conducted at the following dispatch administrations:

- Penza RDA;
- Buryatia RDA;
- Siberia IDA;
- Centre IDA.

System Operator has created the following regional companies:

- Vostokenergotekhnadzor;
- Siberia-energotekhnadzor;
- Uralenergotekhnadzor;
- Volgaenergotekhnadzor;
- Yuzhenergotekhnadzor
- Centrenergotekhnadzor;
- Sevzapenergotekhnadzor.

An affiliate of SO-CDA UES – the Baltic RDA – has been established in order to manage regimes of the Kaliningrad Region energy system.

The Science and Research Institute for the transmission of Electric Power through High Voltage Electric Current became a subsidiary of System Operator.



In the field of legal regulation of the industry

SO-CDA UES took part in the development of amendments to federal law № 35-FZ of 26.03.2003 *"On the electric power industry"* and Russian Federation Government Resolution № 529 of August 31, 2006 *"On improving functioning of the wholesale electricity (capacity) market"* pertaining to the launch of ancillary services and capacity markets.

The main amendments made to current legislation on the electric power industry by federal law of № 250-FZ 04.11.2007 *"On the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in connection to the Implementation of Measures for the Restructuring of the Unified Energy System of Russia"* pertaining to the activities of System Operator and its functions of ensuring reliable and stable operation consist in the following:

- As part of the unified energy system of Russia foundations have been laid down for further formation of a unified, independent and centralized system of operational and dispatch management in the electric power industry. The law eliminated lower-level bodies of operational and dispatch management. The participation of the State in the authorized capital of System Operator was increased from 75% to 100%.
- In order to improve mechanisms ensuring the reliable and stable operation of the energy system, amendments were made pertaining to services for maintaining system reliability, emergency control and technological reserve of capacities formation. The key role in implementing the aforesaid mechanisms belongs to System Operator, which identifies problem areas of the UES of Russia, determines ways of technically solving these problems, organizes a selection of contractors of services for ensuring system reliability, for emergency control of the unified energy system of Russia on an onerous contractual basis;
- The law introduces a mechanism of capacity trading, defines the term "Capacity" as a special good, an independent object of legal relations of participants of the wholesale electric power market. It is also specified that competitive procedures for the selection of capacities shall be conducted by System Operator in a manner specified by the Rules of the Wholesale Market;
- System Operator is empowered to participate in the formation and control over investment projects of electric power industry entities, including investment programs formed as a result of capacity trading;
- System Operator has been entrusted with participating in control over the technical state of electric power industry facilities and electrical equipment of consumers of electric power, that have an influence on the reliability and stability of UES of Russia functioning;
- System Operator is entitled to conduct the sale-and-purchase of electric power in order to technologically ensure joint operation of the UES of Russia and energy systems of foreign states.

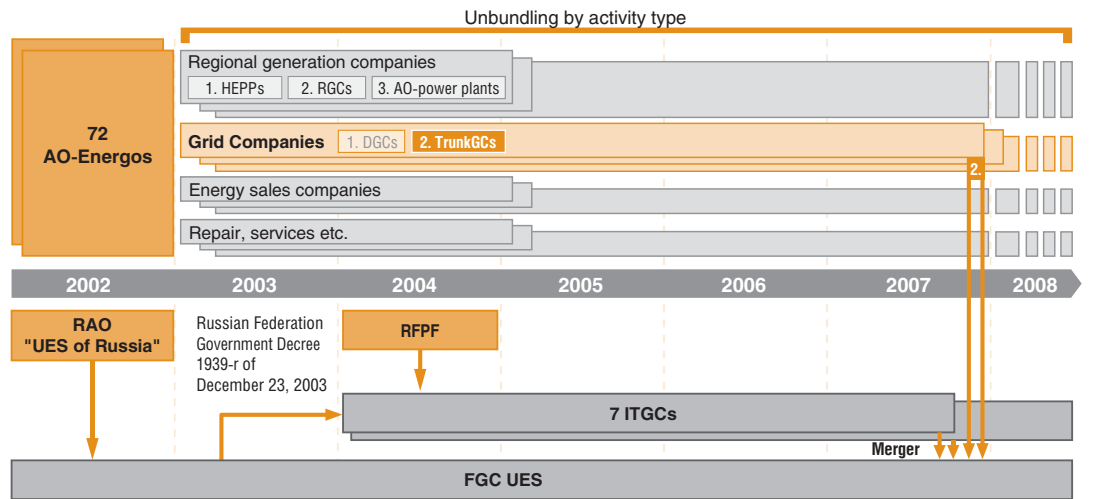
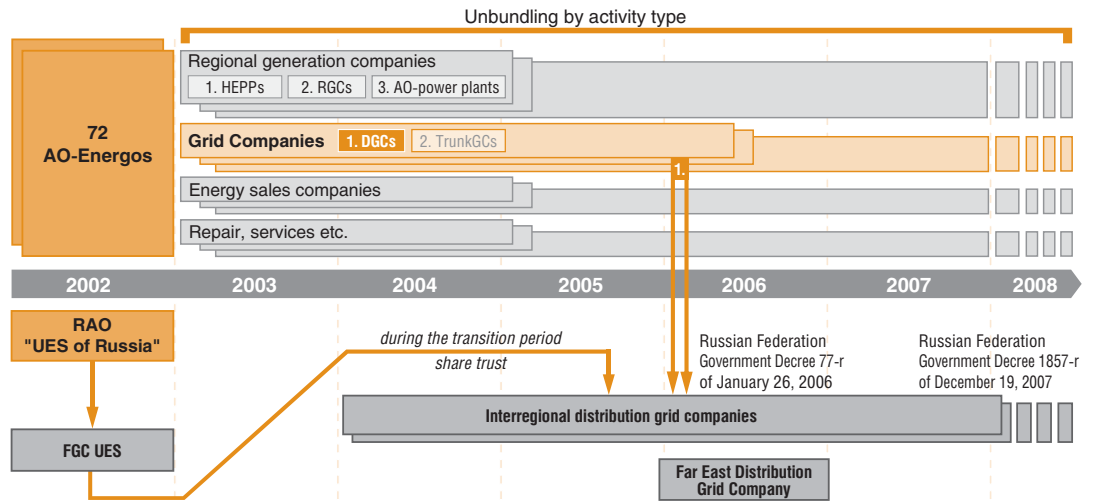
In relation to the final stage of RAO UES of Russia reorganization

Measures are being conducted to ensure 100% participation of the Russian Federation in SO-CDA UES.



GRID COMPANIES

Restructuring of the electric power industry implies consolidation of transmission (belonging to the Unified National Power Grid – UNPG) and distribution assets of regional energy companies.



FEDERAL GRID COMPANY OF THE UNIFIED ENERGY SYSTEM: CONSOLIDATION OF UNIFIED NATIONAL POWER GRID (UNPG) FACILITIES

Electricity transmission belongs to the natural monopoly activity type. The Unified (all-Russian) Power Grid (UNPG) provides the technological basis for this type of activity and at the same time forms the unified energy system of the Russian Federation. **The Federal Grid Company (FGC UES)**, a subsidiary of RAO UES of Russia, is the management company of the Unified National Power Grid.

Federal Grid Company of the Unified Energy System (FGC UES) **was established** by a joint decision of the RAO UES Board of Directors dated **June 25, 2002**. The authorized capital of the company amounts to 121 607 million rubles. It is based on cash assets and grid facilities previously owned by RAO UES of Russia.

FGC UES was established in the process of functional unbundling as the organization responsible for managing the Unified National Power Grid (UNPG), which consolidates power transmission lines. FGC UES is performing the following functions:

- management of the Unified National Power Grid;
- rendering of services to market participants (these services involve power transmission and connection to electric grids);
- investment activities in the field of development of the Unified National Power Grid;
- maintenance of electric grids in proper condition;
- technical supervision over the condition of transmission facilities of the UES of Russia.

The Federal Law № 35-FZ of March 26, 2003 *"On the Electric Power Industry"*, the Federal Law № 36-FZ of March 26, 2003 *"On the Specifics of Electric Power Industry Functioning during the Transition Period, Introduction of Amendments into Certain Legislative Acts of the Russian Federation, and Repeal of Certain Legislative Acts of the Russian Federation due to the Adoption of the Federal Law "On the Electric Power Industry"*, and the Concept of RAO UESR's Strategy for 2003-2008 specify that by the time when the transition period of the electricity industry restructuring is completed, the state-owned share in the authorized capital of FGC UES should be no less than 52%.

In the future, according to the current legislation, the state's interest in the authorized capital of FGC UES will increase up to 75% + 1 voting share.

Pursuant to Article 4 of the Federal Law № 36-FZ dated March 26, 2003 *"On the Specifics of Electric Power Industry Functioning during the Transition Period..."* and in accordance with the consolidation scheme for UNPG facilities approved by the RAO UESR Board of Directors (Minutes № 188 of February 25, 2005), RAO UESR-owned shares of trunk grid companies (TrunkGCs) established in the process of AO-Energo restructuring are transferred to the authorized capital of FGC UES.

Consolidation of trunk grids into FGC UES is necessary because:

- there is a need to meet the requirements imposed by the legislation, which requires that one management organization should control the whole UNPG complex;
- there is a need to create a single management center, which will control transmission assets. State regulation and control over this integrated center are to be implemented on the federal level;
- there is a need to introduce unified standards for the functioning of grids that belong to UNPG and to ensure not only that all entities have equal access to them but also that services provided by them are of equal quality;
- there is a need to introduce a centralized dispatch system as far as trunk grids are concerned, thus maintaining the reliability of the energy system.



Pursuant to Articles 7-8 of the Federal Law № 35-FZ of March 26, 2003 "On the Electric Power Industry", rights of proprietors or other rightful owners of transmission facilities belonging to the UNPG are restricted and transferred to FGC UES as the organization, which controls the whole UNPG. The mentioned regulations of the Federal Law "On the Electric Power Industry" have come into force as soon as wholesale market rules approved by the Russian Federation Government came into effect.

The process of Trunk Grid Companies (TrunkGCs) formation on the basis of AO-Energo power grid facilities is completed; **all 56 trunk grid companies have been established**. As of 2006 pursuant to the decision of the RAO "UES of Russia" Board of Directors, Unified National Power Grid facilities have been turned over for the use of FGC UES. In compliance to the decision of the RAO "UES of Russia" Board of Directors (Minutes № 245 of 02.03.2007), which approved the scheme of the final reorganization of RAO "UES of Russia" the UNPG consolidation scheme was modified to include the merger of TrunkGCs and ITGCs directly into FGC UES, leaving out the intermediate stage of TrunkGCs merger into ITGCs.

As part of measures related to the consolidation of UNPG assets and the increase of the interest on the Russian Federation in the authorized capital of FGC UES 2 additional issues of FGC UES shares shall be conducted before the reorganization of RAO "UES of Russia". The proceeds shall be used to fund the investment program.

I issue

November 22, 2005 the RAO "UES of Russia" Board of Directors adopted the decision to increase the authorized capital of FGC UES by means of placing an additional issue of shares to a value of no more than 80 billion rubles.

On June 28, 2006 the Extraordinary General Meeting of Shareholders of RAO "UES of Russia" approved the acquisition of the additional issue of shares in FGC UES with payment in shares of 42 TrunkGCs and cash assets to a value of 33.5 billion rubles.

On October 27, 2006 the RAO UES Board of Directors decided to reduce the share of RAO UES of Russia in the authorized capital of FGC UES from 100% to 76,94% by placing part of additional shares issued by FGC UES in favor of the Federal Agency for Federal Property Management.

On December 6, 2006 the meeting of shareholders of RAO "UES of Russia" approved the transaction for the purchase of FGC UES additional shares to the amount of 10 billion rubles.

On March 21, 2007 the FSFM registered the report on the issue of additional shares. The authorized capital of Federal Grid Company increased from 121 607 241 779,50 to 180 691 103 096 rubles. RAO "UES of Russia" paid for the purchased shareholding of FGC UES in shares of 42 TrunkGCs and cash assets to a value of 36.5 billion rubles, the Russian Federation paid in cash assets totaling 22.48 billion rubles. Proceeding from the results of additional share issue the Russian Federation has 12,44% of FGC UES voting shares.

II issue

On March 6, 2007 Performing functions of the general meeting of shareholders of FGC UES, the Board of Directors of RAO UES of Russia decided to increase the authorized capital of FGC UES by issuing additional ordinary shares of the company in favor of RAO "UES of Russia" and the Russian Federation, with payment due in property and cash assets.

On June 26, 2007 the annual general meeting of shareholders of RAO "UES of Russia" approved the acquisition of 86 916 003 794 additional FGC UES shares for a price of 59 kopeks per share.



On September 7, 2007 RAO "UES of Russia" handed over the following assets as payment for the additional share issue to FGC UES: TrunkGC shares, shares of Electric Power Industry Research and Development Center and GruzRosenergo. As a result FGC UES became owner of the following stakes:

Company name	Stake in the authorized capital	Ordinary share stake
Kurgan Trunk Grid Company	49,00%	53,81%
Chita Trunk Grids	49,00%	62,16%
Saratov Trunk Grid Company	53,13%	60,04%
Samara Trunk Grid Company	55,03%	55,35%
Kuzbassenergo Trunk Power Grids	49,00%	49,00%
Republic of Komi Trunk Power Grids	50,11%	50,35%
Kuban Trunk Grids	49,00%	49,00%
Buryatia Trunk Grids	46,80%	46,80%
Electric Power Industry Research and Development Center	100%	100%
GruzRosenergo	50%	50%

Additionally RAO "UES of Russia" submitted financial assets totaling 37.8 billion rubles as payment for additional shares in FGC UES.

In the I quarter of 2008 RAO "UES of Russia" plans to use 1.9 billion rubles in financial assets to pay for the II additional issue of shares in FGC UES, with the Russian Federation submitting cash assets to the sum of 18.8 billion rubles.

In the 4th quarter of 2007 shareholders of FGC UES and trunk grid companies adopted key corporate decisions related to the reorganization.

On December 14, 2007 the Extraordinary General Meeting of Shareholders of FGC UES made the decision to reorganize FGC UES by means of its' merger with **RAO "UES of Russia", State Holding Company, FGC UES Minority Holding Company, 56 trunk grid companies (TrunkGCs) and 7 interregional transmission (trunk grid) companies(ITGCs)**.

At the same time the Meeting approved the multi-party agreement on the merger with the listed companies, which includes conditions of the merger into FGC UES, in particular the rates and rules for the conversion of shares in the companies being merged into FGC UES shares. The specified agreement shall be approved by general meetings of shareholders of all companies signing the agreement. Conversion rates were approved by the RAO "UES of Russia" Board of Directors on August 31, 2007.

Shareholders also made the decision to increase the authorized capital of FGC UES by placing 960 000 000 000 (nine hundred and sixty billion) additional common registered shares par value of 50 (fifty) kopecks each to a total value of 480 000 000 000 (four hundred and eighty billion) rubles. The method of their placement is to be the conversion of shares in companies being merged (TrunkGCs and ITGCs) into FGC UES shares.

Moreover, the Extraordinary General Meeting of Shareholders determined the terms and conditions of conversion of shares in companies being merged into FGC UES shares. Based on the new quantity of declared shares, the Extraordinary General Meeting of Shareholders made the corresponding alterations to item 4.6 of Article 4 of the statutes of FGC UES.

On December 17, 2007 Extraordinary General Meetings of Shareholders of **53 TrunkGCs and 7 ITGCs** decided positively on the issue of reorganizing the TrunkGCs and ITGCs by means of their merger into FGC UES. These EGMs also approved transfer acts and the multi-party merger agreement that is being concluded by FGC UES and the companies that are being merged.



FORMATION OF FGC UES POST-REFORM STRUCTURE (as of December 31, 2007)

Stages	Adoption of decisions on implementation of the stage	Completion of the stage	Results	RAO UES stake in FGC UES
Formation of FGC UES authorized capital				
	<p>22.11.2005 – The Board of Directors of RAO UES of Russia (EGM of shareholders of FGC UES) (Minutes №208) decided to increase the authorized capital of FGC UES by means of placement of the company's additional shares at the cost of 80 bln rubles.</p> <p>27.10.2006 – The Board of Directors of RAO UES of Russia (Minutes №234) decided to amend the Board of Directors decision of November 22, 2005 (Minutes № 208); FGC UES additional shares will be placed in favour of RAO UES of Russia and the Russian Federation in the face of the Federal Agency for Federal Property Management.</p> <p>28.06.2006 – The general meeting of shareholders of RAO UES of Russia approved the purchase of additional shares issued by FGC UES at the cost of 33.5 bln rubles with payment for them in shares of 42 trunk grid companies and cash assets.</p> <p>06.12.2006 – The general meeting of shareholders of RAO UES of Russia approved the purchase of additional shares issued by FGC UES at the cost of 70 bln rubles with payment for them in cash assets.</p> <p>06.03.2007 – The Board of Directors of RAO UES of Russia (EGM of shareholders of FGC UES) (Minutes №246) decided to increase the authorized capital of FGC UES by means of placement of the company's additional shares at the cost of 60 bln rubles. The shares will be privately offered to RAO UES of Russia and the Russian Federation represented by the Federal Agency for Federal Property Management. These measures are designed to ensure that the government will participate in FGC UES investment program.</p>	<p>21.03.2006 – state registration of the first issue of FGC UES additional shares by the Federal Financial Markets Service</p> <p>15.05.2007 – state registration of the report on FGC UES share issue results by the Federal Financial Markets Service</p> <p>23.08.2007 – state registration of additional FGC UES share issue by FFMS</p> <p>07.09.2007 – transfer of shares of 8 Trunk Grid Companies from RAO UES of Russia's accounts to FGC UES accounts.</p> <p>As of 31.12.2007 – RAO UES of Russia has used 37.8 billion rubles as payment for additional FGC UES shares. FFMS registration of the results of additional FGC UES share issue (11.04.2008)</p>	<p>1) cessation of RAO UES participation in the authorized capitals of 42 trunk grid companies established in the process of AO-Energo restructuring;</p> <p>2) Payment for a part of the additional shares in RAO UES of Russia cash assets (3 bln rubles);</p> <p>3) payment for the part of FGC UES additional shares by the government represented by the Federal Agency for Federal Property Management (22.48 bln rub.). RAO UES stake in FGC UES will decrease.</p>	87,56 %
Placement of the first issue of additional shares by FGC UES			<p>1) cessation of RAO UES participation in the authorized capitals of 8 trunk grid companies established in the process of AO-Energo restructuring;</p> <p>2) Payment for a part of the additional shares in RAO UES of Russia cash assets (39,7 bln rubles);</p> <p>3) payment for the part of FGC UES additional shares by the government represented by the Federal Agency for Federal Property Management (18.8 bln rubles) in order to provide for state participation in the FGC UES investment program</p>	83,00 % (forecast)
Placement of the second issue of additional shares by FGC UES	<p>26.06.2007 – The general meeting of shareholders of RAO UES of Russia approved the purchase of additional shares issued by FGC UES at the cost of 57.28 bln rubles with payment for them in shares of 8 trunk grid companies, IES GruzRosenergo, Power Sector Research and Development Center, and cash assets.</p>			
Transfer of Koylmaenergo shares as payment for additional shares issued by FGC UES	<p>25.02.2005 – The Board of Directors of RAO UES of Russia (Minutes № 188) approved Kalmenergo restructuring project, which implies that UNPG facilities of Kalmenergo will be used as payment for additional shares issued by FGC UES (forecasted time frame – 2009).</p>			after cessation of activities by RAO UES of Russia

FORMATION OF FGC UES POST-REFORM STRUCTURE (as of December 31, 2007)

Stages	Adoption of decisions on implementation of the stage	Completion of the stage	Results	RAO UES stake in FGC UES
"Non-basic" models of implementation of projects involving the spin-off of UNPG facilities				
	19.01.2006 – The Board of Directors of RAO UES of Russia (Minutes №212) approved the details of the spin-off of UNPG facilities owned by Sevskazenergo and Kabbalkenergo. The spin-off of these facilities will be implemented through alienation of this property to RAO UES of Russia. After that, this property will be used as payment for additional shares issued by FGC UES.	31.07.2007 – RAO "UES of Russia" (seller) and FGC UES (buyer) concluded an agreement for the sale/purchase of Kabbalkenergo and Sevskazenergo power grid facilities	FGC UES pays for UNPG facilities purchased from Kabbalkenergo and Sevskazenergo in cash assets	payment in cash assets, no influence on RAO "UES of Russia" stake
Non-basic models of transferring UNPG facilities to FGC UES	23.12.2005 – The Board of Directors of RAO UES of Russia (Minutes № 211) approved Altaenergo restructuring project, which implies that UNPG facilities of this company will be sold to FGC UES at a price approved by Boards of Directors of Altaenergo and FGC UES. 23.11.2007 – The transaction for the sale and purchase of UNPG facilities was approved at the Altaenergo EGM. 24.12.2007 – The FGC UES Board of Directors approved the transaction for the sale and purchase of UNPG facilities.	27.12.2007 – sale and purchase agreement for Altaenergo electric power grid assets concluded between Altaenergo (seller) and FGC UES (buyer)	27.12.2007 – Transfer acts for electric power grid assets signed by FGC UES and Altaenergo	payment in cash assets, no influence on RAO "UES of Russia" stake
Reorganization of FGC UES in the form of a merger				
	30.03.2007 – The Board of Directors of RAO UES of Russia (Minutes №248) decided to reorganize FGC UES in the form of a merger with and into 7 ITGCs and 56 trunk grid companies.			
	14.12.2007-17.12.2007 – Decisions on the reorganization by means of a merger issue were adopted at EGMs of FGC UES, 7 ITGCs and 53 TrunkGCS			
	25.01.2008 – Decisions to merge into FGC UES were adopted by EGMs of Astrakhan Trunk Grids and Volgograd Trunk Grids	entries in the Uniform State Register of Legal Entities on cessation of activities by 7 ITGCs and 56 trunk grid companies		following merger results (the government stake will be at least 75% + 1 share)
Takeover of 7 ITGCs and 56 TrunkGCS by FGC UES	14.03.2008 – EGM of Kurgan Trunk Grid Company on the reorganization by means of a merger into FGC UES issue 30.06.2008 – Completion of the merger, entries in the Uniform State Register of Legal Entities on cessation of activities by 7 ITGCs and 56 trunk grid companies.		Completion of FGC UES post-reform structure formation	
Reorganization of RAO UES of Russia				
Spin-off of the State Holding Company and FGC Minority Holding Company in the process of reorganization of RAO UES of Russia	27.04.2007 – The RAO "UES of Russia" Board of Directors (Minutes № 250) approved the model for the final reorganization of the Company in the form of a spin-off of State Holding Company and Minority Holding Company of FGC and their simultaneous merger into FGC UES. 26.10.2007 – The EGM of RAO "UES of Russia" approved the scheme of the final reorganization of the Company by means of a spin-off, including the spin-off of State Holding Company, FGC UES Minority Holding Company with the simultaneous merger into FGC UES.	30.06.2008	The establishment of the target company FGC UES will be completed	government stake at least 75% + 1 share

TRUNK GRID COMPANY REGISTRATION SCHEDULE

	2004 Total	Q1	2005 Q2	Q3	Q4	Q1	2006 Q2	Q3	Q4	2007 Q1
For the current period	1	1	2	31	10	0	2	8	0	1
Accumulative total	1	2	4	35	45	45	47	55	55	56*

STATE REGISTRATION DATES FOR TRUNK GRID COMPANIES

№	Trunk Grid Company	Trunk Grid Company state registration	№	Trunk Grid Company	Trunk Grid Company state registration
1.	Kaluga Trunk Grid Company	01.04.2004	31.	Tula Trunk Grid Company	01.09.2005
2.	Tomsk Trunk Grids	31.03.2005	32.	Tyumen Trunk Grid Company (a wholly-owned subsidiary of RAO UES of Russia)	01.09.2005
3.	Belgorod Trunk Grid Company	01.04.2005	33.	Udmurtian Trunk Grids	01.09.2005
4.	Trunk Grid Company (Mosenergo)	01.04.2005	34.	Chelyabinsk Trunk Power Grids	01.09.2005
5.	Khakas Trunk Company (a wholly-owned subsidiary of RAO UES of Russia)	01.07.2005	35.	Chuvashi Trunk Grids (a wholly-owned subsidiary of RAO UES of Russia)	01.09.2005
6.	Ulyanovsk Trunk Grids (a wholly-owned subsidiary of Ulyanovskenergo)	29.07.2005	36.	Vologda Trunk Grids (SEUK)	01.10.2005
7.	Kostroma Trunk Grids	31.08.2005	37.	Kola Trunk Grids	01.10.2005
8.	Yaroslavl Trunk Grids	31.08.2005	38.	Krasnoyarsk Trunk Grids	01.10.2005
9.	Arkhangelsk Trunk Grid Company	01.09.2005	39.	Orel Trunk Grid Company	01.10.2005
10.	Astrakhan Trunk Grids	01.09.2005	40.	Orenburg Trunk Power Grids (a wholly-owned subsidiary of RAO UES of Russia)	01.10.2005
11.	Bryansk Trunk Grid Company	01.09.2005	41.	Perm Trunk Grid Company	03.10.2005
12.	Vladimir Trunk Grids	01.09.2005	42.	Sverdlovsk Trunk Grids	03.10.2005
13.	Volgograd Trunk Grids	01.09.2005	43.	St.Petersburg Trunk Grids	01.12.2005
14.	Voronezh Trunk Grid Company	01.09.2005	44.	Buryatia Trunk Power Grids	30.12.2005
15.	Dagestan Trunk Grids	01.09.2005	45.	Chita Trunk Grids	30.12.2005
16.	Ivanovo Trunk Grids	01.09.2005	46.	Samara Trunk Company	01.04.2006
17.	Karelian Trunk Grids (a wholly-owned subsidiary of RAO UES of Russia)	01.09.2005	47.	Saratov Trunk Company	03.04.2006
18.	Kirov Trunk Power Grids	01.09.2005	48.	Kurgan Trunk Grid Company	01.07.2006
19.	Kursk Trunk Grids	01.09.2005	49.	Komi Republic Trunk Power Grid	01.07.2006
20.	Lipetsk Trunk Grids	01.09.2005	50.	Kuzbassenergo Trunk Power Grids	01.07.2006
21.	Rostovenergo Trunk Grid Company	01.09.2005	51.	Kuban Trunk Grid Company	01.09.2006
22.	Mari Trunk Grids	01.09.2005	52.	Amur Trunk Grid Company (a wholly-owned subsidiary of Amurenergo)	01.09.2006
23.	Mordovian Trunk Grid Company	01.09.2005	53.	Khabarovsk Grid Company (a wholly-owned subsidiary of Khabarovskenergo)	01.09.2006
24.	Nizhni Novgorod Trunk Grid Company	01.09.2005	54.	Yakutsk Trunk Grid Company (a wholly-owned subsidiary of Yakutskenergo)	01.09.2006
25.	Omsk Trunk Grid Company	01.09.2005	55.	Primorsk Trunk Grid Company (a wholly-owned subsidiary of Dalenergo)	05.09.2006
26.	Penza Trunk Grid Company	01.09.2005	56.	Tyva Trunk Grids (a wholly-owned subsidiary of Tyvaenergo)	26.02.2007
27.	Ryazan Trunk Grids	01.09.2005			
28.	Smolensk Trunk Power Grids	01.09.2005			
29.	Tambov Trunk Grid Company	01.09.2005			
30.	Tver Trunk Grids	01.09.2005			

* Excluding "non-basic" projects for UNPG facilities spin-off:

- Altaienergo – on 27.12.2007 Altaienergo (seller) and FGC UES (buyer) concluded an agreement for the sale and purchase of UNPG facilities, owned by Altaienergo, in pursuance to the Altaienergo restructuring project, which was approved by the RAO "UES of Russia" Board of Directors (Minutes № 211 23.12.2005);
- Kalmenergo – additional shares issued by FGC UES will be paid for in UNPG facilities pursuant to Kalmenergo restructuring project approved by the RAO UES Board of Directors (Minutes № 188 of February 25, 2005), forecasted time frame – 2009;
- Kabbakalenergo, Sevkvkazenergo – 31.07.2007 RAO "UES of Russia" (seller) and FGC UES (buyer) concluded an agreement for the sale/purchase of UNPG facilities previously acquired from Kabbakalenergo and Sevkvkazenergo pursuant to the scheme of the spin-offs of UNPG facilities given to AO-energob approved by the RAO "UES of Russia" Board of Directors (Minutes №212 of 19.01.2006);



KEY EVENTS AND PLANS

FGC UES TARGET STRUCTURE FORMATION

14.12.2007 – The Extraordinary General Meeting of FGC UES Shareholders adopted the decision on the reorganization in the form of a merger with **7 interregional trunk grid companies and 56 trunk grid companies**, as well as **State Holding Company and FGC UES Minority Holding Company**, that are being spun-off from RAO "UES of Russia".

17.12.2007 – The Extraordinary General Meetings of Shareholders of **7 interregional trunk grid companies and 56 trunk grid companies** adopted decisions on the reorganization in the form of a merger with FGC UES issue.

24.12.2007 – The Boards of Directors of **Astrakhan Trunk Grids and Volgograd Trunk Grids** adopted decisions on the issue of convening repeated Extraordinary General Meetings of Shareholders on the reorganization in the form of a merger with FGC UES issue.

25.01.2008 – The Extraordinary General Meeting of Shareholders of **Astrakhan Trunk Grids and Volgograd Trunk Grids** adopted decisions on the reorganization in the form of a merger with FGC UES issue.

"NON-BASIC" MODELS OF UNPG FACILITIES SPIN-OFF

In the **IV quarter of 2007** measures were conducted for the alienation of Altayenergo-owned UNPG facilities in favor of FGC UES, pursuant to the project of **Altayenergo** functional unbundling approved by the RAO "UES of Russia" Board of Directors (Minutes № 211 of 23.12.2005).

Including:

23.11.2007 – The Extraordinary General Meeting of Altayenergo Shareholders approved the transaction for the alienation of the Company's UNPG facilities in favor of FGC UES.

24.12.2007 – The FGC UES Board of Directors approved the conclusion of a sales-and-purchase contract for the acquisition of Altayenergo-owned UNPG facilities.

27.12.2007 – Sale-and-purchase contract of UNPG facilities concluded between Altayenergo (seller) and FGC UES (buyer).

29.12.2007 – Signature conducted of transfer and acceptance acts for UNPG facilities between Altayenergo and FGC UES.

March 2008 – Planned completion of settlements under the sales-and-purchase contract of UNPG facilities between Altayenergo and FGC UES.

COMPLETION OF FGC UES FORMATION

14.03.2008 – Planned Extraordinary General Meeting of Shareholders проведение of **Kurgan Trunk Grid Company** on the issue of the merger with FGC UES.

April 2008 – Planned completion of the placement of the **II issue of additional shares** in FGC UES – payment for additional shares due in cash assets from the RF budget to a sum of 18.8 billion rubles. The proceeds shall be used to implement the investment program. As a result of the placement the interest of RAO "UES of Russia" in the authorized capital of FGC UES will decrease to 83%.

30.06.2008 – Planned completion of the reorganization of FGC UES in the form of a merger with **7 interregional trunk grid companies and 56 trunk grid companies**, as well as **State Holding Company and FGC UES Minority Holding Company**, that are being spun-off from RAO "UES of Russia". Entry to be made to the USRLE on the cessation of activities of 7 interregional trunk grid companies and 56 trunk grid companies, as well as State Holding Company and FGC UES Minority Holding Company as a result of a merger with FGC UES.



INTERREGIONAL DISTRIBUTION GRID COMPANIES (IDGCs)

In the process of restructuring interregional distribution grid companies are being formed as the result of AO-Energo unbundling by activity type.

Pursuant to the Concept of RAO UESR's Strategy for 2003-2008, at the stage of interregional integration distribution companies merge into holding companies – interregional distribution grid companies (IDGCs).

In April 2004 the RAO UESR Board of Directors approved the following configuration of four IDGCs:

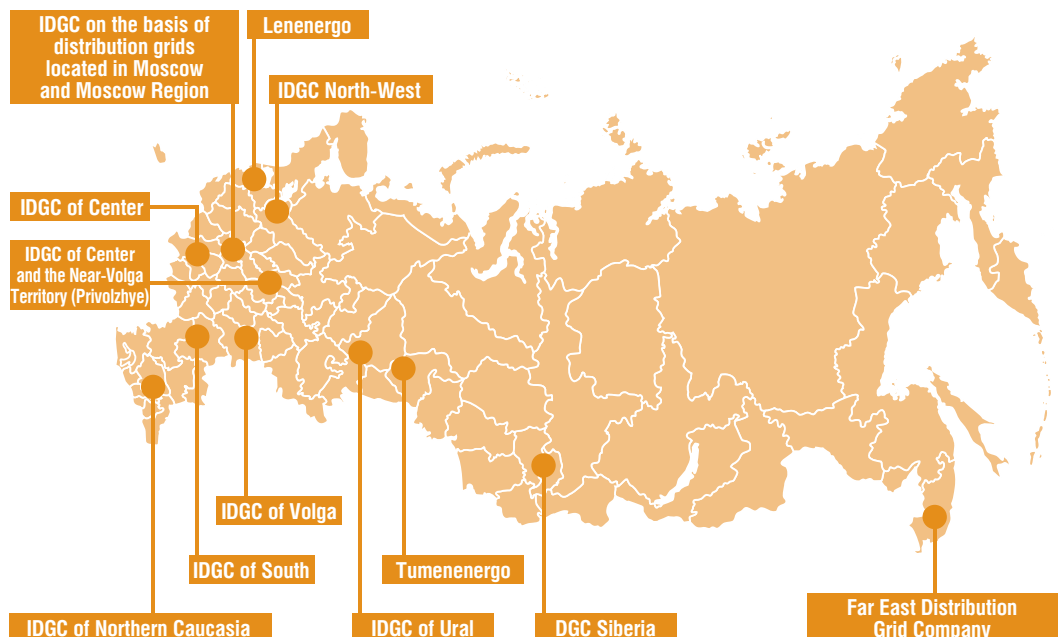
- IDGC-1 of IES of Center and IES of Northern Caucasia
- IDGC-2 of IES of NorthWest
- IDGC-3 of IES of Ural and IES of Middle Volga
- IDGC-4 of IES of Siberia

In October 2004 the RAO UESR Board of Directors decided that at the first stage IDGCs should be established as wholly-owned subsidiaries of RAO UES of Russia. At the second stage, an additional issue of shares of IDGCs is being conducted. In exchange for them RAO UES of Russia will submit its shares in DGCs.

All IDGCs have undergone the state registration procedure and started their operations. At present their functions include:

- corporate governance over DGCs
- implementation and control over the methodology of DGCs operations
- control over DGCs operations

In August 2006 Southern Grid Company (a wholly-owned subsidiary of RAO UES of Russia) was established. This management organization is responsible for dispatching operation of network and sales companies in the south of Russia during the transition period of electricity industry restructuring.



Far East Distribution Grid Company has started operations **since January 1, 2007**. This company acts on the territory of the following regions:

- Amur Region
- Khabarovsk Region
- Jewish Autonomous Region
- Primorye Territory
- Southern region of the Republic of Sakha (Yakutia)

Russian Federation Government Decree № 77-r dated January 26, 2006 "*On Contributing Shares of Open Joint Stock Power and Electrification Companies to the Authorized Capital of IDGCs*" specifies the list of joint stock companies, the shares of which should be contributed to the authorized capital of IDGCs before December 31, 2007. Contributions should be made in RAO UES-owned shares of regional AO Energos, provided that the interest of RAO UES of Russia in the authorized capital of IDGCs is not less than 50% + 1 voting share.

In order to comprehensively manage the distribution grid system and ensure the reliability of its' functioning during the restructuring of RAO "UES of Russia", the RAO "UES of Russia" Board of Directors temporarily entrusted IDGC shares to the management of FGC UES.

IDGC formation is being implemented on the basis of the need to ensure the reliability of services on electric power transmission, efficient development of regional grid systems, especially those that are bearing a heavy load. IDGC formation is also aimed at resolving the issue of establishing investment attractive companies, while taking into consideration the interests of DGC shareholders.

In 2007 a number of measures was implemented related to the establishment of IDGCs as per their target models. Besides, RAO UES of Russia has worked out the new development strategy for the Russian distribution complex. This strategy implies transition to the new system of tariff regulation (as far as regulation of DGCs tariffs is concerned) based on the RAB (regulated asset base) method. In order to implement this strategy, we should not only amend the normative and regulatory framework in the field of tariff regulation, but also increase the number of IDGCs.

As part of the DGS development strategy, in order to attract investments to the Distribution Grid System of RAO "UES of Russia" the transition shall be made to a system of tariff regulation based on the method of calculation and determination of the rate of return of investments (RAB method). **On 15.11.2007** at a meeting of FTS RF key measures related to the transition to RAB were agreed upon, as well as the time frame of their implementation (Minutes № 23 of 15.11.2007).

As part of the formation of the IDGC target structure, **on April 27, 2007** the Board of Directors of RAO UES of Russia approved the new configuration of IDGCs, which was earlier approved at the meeting of the Interdepartmental Committee for Power Sector Restructuring chaired by Khristenko V.B., the Minister for Industry and Energy of the Russian Federation. This new configuration implies the establishment of **11 IDGCs (excluding IDGC of the Far East)** in the form of integrated operating companies by reorganizing them in terms of a merger with corresponding distribution grid companies (DGCs).

This scheme allows to form companies on the basis of territorial contingency and comparable balance value of assets of distribution grid companies, included in the configuration of the new IDGCs:

- | | |
|---|----------------|
| ■ North-West IDGC | ■ Volga IDGC |
| ■ Centre and Privolzhye IDGC | ■ Ural IDGC |
| ■ Centre IDGC, Siberia IDGC | ■ Tyumenenergo |
| ■ Southern IDGC | ■ Lenenergo |
| ■ North Caucasia IDGC | |
| ■ IDGC established on the basis of the distribution complex of Moscow and the Moscow region | |



On 28th-29th June 2007 state registration of the three newly established IDGCs was conducted:

- Volga IDGC
- Southern IDGC
- Centre and Privolzhye IDGC

The registered IDGCs were established as wholly-owned subsidiaries of RAO UES of Russia. The authorized capital of each of these companies amounts to 10 million rubles.

The following existing IDGCs have been renamed:

- North Caucasia and Centre IDGC – to Centre IDGC
- Ural and Volga IDGC – to Ural IDGC
- Southern Grid Company – North Caucasia IDGC

On October 25, 2007 the Federal Service for Financial Markets of Russia registered an additional issue of common Lenenergo shares, being placed through private subscription, and the statutory prospectus. During the additional issue Lenenergo is placing 239,937,573 common shares, 1 ruble par value each. The placing price of one additional common registered uncertificated share amounts to 37.44 rubles, with the issue volume totaling 8 983 262 733.12 rubles.

The placement shall be conducted through private subscription in favor of persons, holding a preemptive right to acquire additional shares in Lenenergo, and the Saint Petersburg City Property Management Committee.

Payment for the shares in OAO "Lenenergo" to be purchased by the Saint Petersburg Government will be made in cash and property after the Saint Petersburg City Government adopts a resolution to privatize the property concerned and contribute it to the authorized capital of OAO "Lenenergo".

The starting date of placement of additional Lenenergo shares shall be determined by the Company's Director General. The additional share issue of OAO "Lenenergo" is expected to be completed **in the 4th quarter of 2008**.

In December of 2007 Russian Federation Government Resolution № 1857-r of 19.12.2007 supported the proposal of RAO "UES of Russia", approved the reorganization of AO-energос (distribution grid companies) by means of a merger with the corresponding 8 IDGCs in the new configuration and repealed the scheme of formation and configuration of 4 IDGCs which was previously approved by Government Resolution №77-r of January 26, 2006.

Pursuant to the specified Government Resolution, the following companies are being established:

- | | |
|------------------------------|-----------------------|
| ■ North-West IDGC | ■ Southern IDGC |
| ■ Centre and Privolzhye IDGC | ■ North Caucasia IDGC |
| ■ Centre IDGC | ■ Volga IDGC |
| ■ Siberia IDGC | ■ Ural IDGC |

In the IV quarter of 2007 and January of 2008 the RAO "UES of Russia" Board of Directors and the Extraordinary General Meetings of Shareholders of **8 IDGCs and 51 DGCs** adopted all necessary decisions for the reorganization in the form of a merger.

The spin-off of IDGC Holding Company from RAO "UES of Russia" is scheduled **for June 30, 2008**.

The system of tariff regulation based on the method of calculating and determining the rate of return on invested capital (RAB) for pilot DGCs is set to be introduced **as of July 1, 2008**.



SPIN-OFF OF DISTRIBUTION GRIDS FROM RAO UES OF RUSSIA HOLDING COMPANY (beginning)

№ AO-Energo	2004				2005				2006				2007				2008	
	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter
<p>IDGC Volga and Ural (according to the configuration approved by the RF Government Decree №77r of January 26, 2006) 18.07.2007 – name changed to Ural IDGC by the decision of the RAO "UES of Russia" Board of Directors</p>																		
1. Volga DGC (Samara, Saratov and Ulyanovsk affiliates):	non-basic model, Saratovenergo, Samarenergo and Ulyanovskenergo established and reorganized in the form of a merger																	
2. Samara Distribution Company (affiliate)	01.06.2007 – reorganization completed in the form of a merger with Volga DGC (non-basic model)																	
3. Saratov Distribution Company (affiliate)																		
4. Ulyanovsk Distribution Company (affiliate)																		
5. Kirovenergo																		
6. Kurganenergo																		
7. Marienergo																		
8. Mordovenergo																		
9. Orenburgenergo (100)																		
10. Penzaenergo																		
11. Permenergo																		
12. Sverdlovenergo																		
13. Tyumenenergo (100)																		
14. Udmurtenergo																		
15. Chelyabenergo																		
16. Chuvashenergo (100)																		
<p>IDGC North-West (according to the configuration approved by the RF Government Decree №77r of January 26, 2006)</p>																		
1. Arkhenergo																		
2. Karelienergo (100)																		
3. Kolenergo																		
4. AEC Komienergo																		
5. Lenenergo																		
6. Novgorodenergo																		
7. Pskovenergo																		
8. Yantarenergo																		
<p>non-basic scenario, procedure and dates for split off of UNPG facilities not yet determined</p>																		
<p>IDGC Siberia (according to the configuration approved by the RF Government Decree №77r of January 26, 2006)</p>																		
1. Buryatenergo																		
2. Krasnoyarskenergo																		
3. Kuzbassenergo Trunk																		
4. Omskenergo																		
5. Tomsk Distribution Company																		
6. Khakasenergo (100)																		
7. Chitaenergo																		
<p>01.06.2007 Post-reform structure formation completed</p>																		
<p>26.03.2007 EGM on reorganization in the form of a merger</p>																		
<p>01.03.2007 The Restructuring Committee approved: the establishment of 11 IDGCs; reorganization of 8 IDGCs in the form of a merger; establishment of 3 new IDGCs; introduction of amendments in the RF Government Resolution № 109 of February 26, 2004 pertaining to the RAB-based tariffs in grid business.</p>																		
<p>27.04.2007 The RAO UES Board of Directors approved the new configuration and the establishment scheme of IDGCs</p>																		
<p>22.06.2007 3 new IDGCs established as wholly-owned subsidiaries of RAO UES of Russia</p>																		
<p>04.07.2007 – Project for amendments to Russian Federation Government Resolution № 109 of 26.02.2004 submitted to profile ministries and departments for the implementation of a tariff regulation system based on an economically feasible rate of return of invested capital.</p>																		
<p>25.09.2007 – Project for amendments to Russian Federation Government Resolution №77p of 26.01.2006 submitted to the Russian Federation Government – amendments are necessary for the approval of the new IDGC configuration.</p>																		
<p>26.10.2007 – The RAO "UES of Russia" Board of Directors approved the characteristics of the reorganization by means of a merger for 3 pilot IDGCs (Centre and Privolzhye IDGC, North-West IDGC and Siberia IDGC).</p>																		
<p>30.11.2007 – The RAO "UES of Russia" Board of Directors approved the characteristics of the reorganization of DGCs and IDGCs by means of a merger for the remaining 5 IDGCs (Centre IDGC, Southern IDGC, Volga IDGC, North-Caucasia IDGC and Ural IDGC).</p>																		
<p>December 2007 – EGMs of pilot IDGCs and DGCs adopted decisions on the reorganization by means of a merger issue.</p>																		
<p>19.12.2007 – RF Government Resolution №1857-p approved the new configuration of IDGCs.</p>																		
<p>01.03.2008 – Completion of DGC mergers (entries to be made to the USRLE) into Centre and Privolzhye IDGC.</p>																		
<p>March 2008 – Inclusion of Kurganenergo into Ural IDGC. Approval by the FTS RF of Guidelines for the Calculation of the RAB and Guidelines for the Calculation of the Rate of Return on Invested Capital.</p>																		
<p>January 2008 – EGMs of Centre, Southern, Volga, North-Caucasia and Ural IDGCs and DGCs on the reorganization by means of a merger issue.</p>																		
<p>February 2008 – Introduction of amendments to RF Government Resolution № 109 of 26.02.2004 "On Pricing of Electricity and Heat in the RF" pertaining to electric power transmission tariffs.</p>																		
<p>01.04.2008 – Completion of DGC mergers (entries to be made to the USRLE) into Centre, Southern, Volga, North-Caucasia, North-West and Siberia IDGCs.</p>																		
<p>30.06.2008 – Completion of DGC mergers (entries to be made to the USRLE) into Ural IDGC.</p>																		
<p>30.06.2008 – Completion of merger of Moscow City Electric Power Grid Company into Moscow Unified Electric Power Grid Company.</p>																		
<p>Completion of RAO "UES of Russia" reorganization, spin-off of IDGC Holding Company.</p>																		

g.r. date of unbundling completion (without spin-off of TrunkGDCs)
 tgc spin-off of a trunk grid company

nod launch of operating activities by the established company
 ✓ Functional unbundling of AO-Energo company is completed (trunk grid company is spun off)

SPIN-OFF OF DISTRIBUTION GRIDS FROM RAO UES OF RUSSIA HOLDING COMPANY (end)

№ AO-Energo	2004				2005				2006				2007				2008		
	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	July
IDGC Center-North Caucasia (according to the configuration approved by the RF Government Decree №77r of January 26, 2006)																			
1. Astrakhanenergo																			
2. Belgorodenergo				g.r.															
3. Corporate Service Systems (reorganized Belgorodenergo)				g.r.															
4. Bryanskenergo				g.r.															
5. Vladimirenergo				g.r.															
6. Volgogradenergo				g.r.															
7. Volgodaenergo				g.r.															
8. Voronezhenergo				g.r.															
9. Ivenergo				g.r.															
10. Kalugaenergo				g.r.															
11. Kostromaenergo				g.r.															
12. Kubanenergo				g.r.															
13. Kurskenergo				g.r.															
14. Lipetskenergo				g.r.															
15. Nizhnovenergo				g.r.															
16. Orelenergo				g.r.															
17. Rostovenergo				g.r.															
18. Ryazanenergo				g.r.															
19. Smolenskenergo				g.r.															
20. Tambovenergo				g.r.															
21. Tverenergo				g.r.															
22. Tulenergo				g.r.															
23. Yarenergo				g.r.															
Not included in the configuration of IDGCs																			
1. Moscow City Power Grid Company																			
2. Moscow Region Power Grid Company																			
3. Moscow Heat Network Company																			
4. Moscow Management Power Grid Company																			
Southern Grid Company (managing organization)																			
18.07.2007 – name changed to North Caucasia IDGC by the decision of the RAO "UES of Russia" Board of Directors																			
1. Dagestan power supply Company																			
2. Dagenergo																			
3. Ingushenergo (sales)																			
4. Kabalkenergo (sales)																			
5. Kalmenergo (96,3)																			
6. Kalmenergosbyt																			
7. Karachaavo-Cherkesskenergo (sales)																			
8. KEUK (DGC)																			
9. Nurenergo																			
10. Sevkvakarzenergo (сбщт)																			
11. Stavropolenergo																			
<p>01.03.2007 The Restructuring Committee approved: the establishment of 11 IDGCs; reorganization of 8 IDGCs in the form of a merger; establishment of 3 new IDGCs; introduction of amendments in the RF Government Resolution № 109 of February 26, 2004 pertaining to the RAB-based tariffs in grid business.</p> <p>27.04.2007 The RAO UES Board of Directors approved the new configuration and the establishment scheme of IDGCs</p> <p>22.06.2007 3 new IDGCs established as wholly-owned subsidiaries of RAO UES of Russia</p> <p>04.07.2007 – Project for amendments to Russian Federation Government Resolution № 109 of 26.02.2004 submitted to profile ministries and departments for the implementation of a tariff regulation system based on an economically feasible rate of return of invested capital.</p> <p>25.09.2007 – Project for amendments to Russian Federation Government Resolution №77p of 26.01.2006 submitted to the Russian Federation Government – amendments are necessary for the approval of the new IDGC configuration.</p> <p>26.10.2007 – The RAO "UES of Russia" Board of Directors approved the characteristics of the reorganization by means of a merger for 3 pilot IDGCs (Centre and Privolzhye IDGC, North-West IDGC and Siberia IDGC).</p> <p>30.11.2007 – The RAO "UES of Russia" Board of Directors approved the characteristics of the reorganization of DGCs and IDGCs by means of a merger for the remaining 5 IDGCs (Centre IDGC, Southern IDGC, Volga IDGC, North Caucasia IDGC and Ural IDGC).</p> <p>December 2007 – EGMs of pilot IDGCs and DGCs adopted decisions on the reorganization by means of a merger issue.</p> <p>19.12.2007 – RF Government Resolution №1857-p approved the new configuration of IDGCs.</p> <p>01.03.2008 – Completion of DGC mergers (entries to be made to the USRLE) into Centre, Southern, Volga, North Caucasia, North-West and Siberia IDGCs.</p> <p>01.05.2008 – Completion of DGC mergers (entries to be made to the USRLE) into Ural IDGC.</p> <p>30.06.2008 – Completion of the merger of Moscow City Electric Power Grid Company into Moscow Unified Electric Power Grid Company.</p> <p>January 2008 – EGMs of Centre, Southern, Volga, North Caucasia and Ural IDGCs and DGCs on the reorganization by means of a merger issue.</p> <p>February 2008 – Introduction of amendments to RF Government Resolution № 109 of 26.02.2004 "On Pricing of Electricity and Heat in the RF" pertaining to electric power transmission tariffs.</p> <p>01.03.2008 – Completion of DGC mergers (entries to be made to the USRLE) into Centre and Privolzhye IDGC.</p> <p>March 2008 – Inclusion of Kurganenergo into Ural IDGC. Approval by the FTS RF of Guidelines for the Calculation of the RAB and Guidelines for the Calculation of the Rate of Return on Invested Capital.</p> <p>Completion of RAO "UES of Russia" reorganization, spin-off of IDGC Holding Company.</p>																			

NEW CONFIGURATION OF IDGCs (beginning)*

No	IDGC/DGC	Date of state registration (IDGC/spun-off DGC)/ AO-Energo unbundling (DGC)	Status of IDGC	Schedule of transferring executive powers of DGCs to the management companies of IDGCs	Expected date of completion of IDGC post-reform structure formation	
1. Moscow Unified						
Power Grid Company (2 DGCs)		01.04.2005		—		
1.1.	Moscow Regional Power Grid Company	01.04.2005	Russian Federation Government Decree № 1857-r of 19.12.2007, establishment not prescribed	—	30.06.2008 – completion of the merger of Moscow City Electric Power Grid Company into Moscow Region Electric Power Grid Company	
1.2.	Moscow City Power Grid Company	01.04.2005		—		
2. Lenenergo (1 DGC)						
		—	RAO UES of Russia subsidiary,	—		
2.1.	Lenenergo	01.12.2005	regional DGC	—	regional DGC	
3. IDGC of North-West (7 DGCs)						
		23.12.2004		management company, EPs** of DGCs		
3.1.	Arkhenergo	01.04.2005	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	10.08.2005		
3.2.	Vologdaenergo	01.10.2005		28.08.2007		
3.3.	Karelenergo	01.01.2005		14.02.2006		
3.4.	Kolenergo	01.10.2005		18.05.2006		
3.5.	Komienergo	01.07.2006		05.06.2007		
3.6.	Novgorodenergo	01.04.2005		25.06.2007		01.04.2008 – merged
3.7.	Pskovenergo	23.08.2004		27.06.2007		DGCs taken off the USRLE
4. IDGC of Center and Near-Volga Region (Privolzhye) (9 DGCs)						
		28.06.2007		management company, EPs of DGCs		
4.1.	Vladimirenergo	01.01.2005	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	06.09.2007		
4.2.	Ivenergo	01.01.2005		06.09.2007		
4.3.	Kalugaenergo	01.04.2004		07.09.2007		
4.4.	Kirovenergo	01.05.2005		06.09.2007		
4.5.	Marienergo	01.01.2005		06.09.2007		
4.6.	Nizhnovenergo	01.04.2005		06.09.2007		
4.7.	Ryazanenergo	11.01.2005		06.09.2007		
4.8.	Tulenergo	01.04.2005		06.09.2007		01.03.2008 – merged
4.9.	Udmurtenergo	01.01.2005		06.09.2007		DGCs taken off the USRLE
5. IDGC of Center (11 DGCs)						
		17.12.2004		management company, EPs of DGCs		
5.1.	Belgorodenergo	01.10.2004	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	19.01.2006		
5.2.	Bryanskenergo	01.10.2004		13.03.2007		
5.3.	Voronezhenergo	31.08.2004		13.03.2007		
5.4.	Kostromaenergo	01.01.2005		10.08.2005		
5.5.	Kurskenergo	01.02.2005		13.03.2007		
5.6.	Lipetskenergo	11.01.2005		31.03.2006		
5.7.	Orelenergo	01.04.2005		28.11.2006		
5.8.	Tambovenergo	11.01.2005		24.01.2007		
5.9.	Smolenskenergo	01.02.2005		13.03.2007		
5.10.	Tverenergo	11.01.2005		13.03.2007		01.04.2008 – merged
5.11.	Yarenergo	11.01.2005		11.09.2006		DGCs taken off the USRLE

* Excluding IDGC of the Far East; configuration approved by RF Government Resolution № 1857-r of 19.12.2007.

** EPs – executive powers.



NEW CONFIGURATION OF IDGCs (end)

No	IDGC/DGC	Date of state registration (IDGC/spun-off DGC)/ AO-Energo unbundling (DGC)	Status of IDGC	Schedule of transferring executive powers of DGCs to the management companies of IDGCs	Expected date of completion of IDGC post-reform structure formation
6. IDGC of South (5 DGCs)		28.06.2007		management company, EPs of DGCs	
6.1.	Astrakhanenergo	11.01.2005	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	21.09.2007	01.04.2008 – merged DGCs taken off the USRLE
6.2.	Volgogradenergo	01.01.2005		27.08.2007	
6.3.	Kubanenergo	01.09.2006		27.08.2007	
6.4.	Rostovenergo	11.01.2005		22.08.2007	
6.5.	Kalmenergo	UNPG facilities not yet spun-off (expected time frame – 1st half year of 2009)		23.08.2007	
7. IDGC of Northern Caucasia (3 DGCs)		04.08.2006		management company, EPs of DGCs	
7.1.	Dagenergo	03.05.2005	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	05.09.2006	01.04.2008 – merged DGCs taken off the USRLE
7.2.	KEUK	July 2001		05.09.2006	
7.3.	Stavropolenergo	01.04.2005		05.09.2006	
8. IDGC of Siberia (9 DGCs)		04.07.2005		management company, EPs of DGCs	
8.1.	Altaienergo	29.12.2007	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	19.10.2007	01.04.2008 – merged DGCs taken off the USRLE
8.2.	Buryatenergo	30.12.2005		15.09.2006	
8.3.	Kransboyarskenergo	01.10.2005		14.04.2006	
8.4.	Kuzbassenergo-DGC	01.07.2006		16.10.2007	
8.5.	Omskenergo	03.08.2005		02.10.2006	
8.6.	Tomsk DC	31.03.2005		20.03.2007	
8.7.	Tyvaenergo Holding Company	01.10.2005		—	
8.8.	Khakasenergo	01.07.2005		13.02.2007	
8.9.	Chitaenergo	30.12.2005		29.09.2006	
8.10.	Tyvaenergo	01.04.2007			
<i>100% subsidiary of Tyvaenergo Holding Company, after Tyvaenergo Holding Company merger – 100% subsidiary of Siberia IDGC</i>					
9. IDGC of Volga (5 DGCs)		29.06.2007		management company, EPs of DGCs	
9.1.	Mordovenergo	01.02.2005	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	10.09.2007	01.04.2008 – merged DGCs taken off the USRLE
9.2.	Orenburgenergo	01.07.2005		19.09.2007	
9.3.	Penzaenergo	01.01.2005		10.09.2007	
9.4.	Volzhskaya IDC	26.08.2005		10.09.2007	
9.5.	Chuvashenergo	01.01.2005		19.09.2007	
10. IDGC of Ural (4 DGCs)		28.02.2005		management company, EPs of DGCs	
10.1.	Permenergo	01.04.2005	Wholly-owned subsidiary of RAO "UES of Russia", configuration approved by RF Government Resolution № 1857-r of 19.12.2007	26.01.2007	01.05.2008 – merged DGCs taken off the USRLE
10.2.	Sverdlovennergo	01.04.2005		27.07.2007	
10.3.	Chelyabenergo	31.01.2005		02.06.2006	
10.4.	Kurganenergo	01.07.2006		—	
March 2008 – Kurganenergo included into the IDGC Holding Company					
11. Tyumenenergo (1 DGC)			RAO UES of Russia subsidiary, regional DGC		
11.1.	Tyumenenergo	01.07.2005		—	regional DGC



KEY EVENTS AND PLANS

APPROVAL OF IDGC FORMATION CHARACTERISTICS

26.10.2007 – The RAO "UES of Russia" Board of Directors:

- approved the characteristics of reorganization in the form of a merger of 3 pilot IDGCs and DGCs that are part of their configuration, including:
 - Centre and Privolzhye IDGC
 - North-West IDGC
 - Siberia IDGC
- made the decision that it is inexpedient to include Yantarenergo into any of the IDGCs that are being formed;
- approved the configuration of the IDGC of Moscow and the Moscow region on the basis of Moscow Unified Electric Power Grid Company within the framework of the "Agreement on the cooperation of the Moscow Government, RAO "UES of Russia" and Gazprombank in terms of the consolidation of electric power grid facilities located on the territory of Moscow and the Moscow region" which was approved by the RAO "UES of Russia" Board of Directors (Minutes № 256 of 27.07.2007);
- approved the inclusion of Tyvaenergo-Holding, which owns 100% shares in Tyvaenergo, into the configuration of Siberia IDGC.

30.11.2007 – the RAO "UES of Russia" Board of Directors approved the characteristics of reorganization in the form of a merger of **5 IDGCs** and DGCs that are part of their configuration, including:

- Centre IDGC
- Southern IDGC
- North Caucasia IDGC
- Volga IDGC
- Ural IDGC

Formation of CENTRE AND PRIVOLZHYE IDGC

11.12.2007 – Extraordinary General Meetings of Shareholders of *Kalugaenergo*, *Marienergo*, *Kirovenergo*, *Nizhnovenergo*, *Ryazanenergo* and *Udmurtenergo* adopted decisions on the issue of reorganization in the form of a merger with Centre and Privolzhye IDGC.

14.12.2007 – Extraordinary General Meetings of Shareholders of *Vladimirenergo*, *Ivenergo* and *Tulenergo* adopted decisions on the issue of reorganization in the form of a merger with Centre and Privolzhye IDGC.

Formation of NORTH-WEST IDGC

17.12.2007 – Extraordinary General Meetings of Shareholders of *Arkhenenergo*, *Kolenergo*, *Novgorodenergo* and *Pskovenergo* adopted decisions on the issue of reorganization in the form of a merger with North-West IDGC.

20.12.2007 – Extraordinary General Meetings of Shareholders of *Vologdaenergo* and *Komienergo* adopted decisions on the issue of reorganization in the form of a merger with North-West IDGC.

Formation of SIBERIA IDGC

20.12.2007 – Extraordinary General Meetings of Shareholders of *Altayenergo*, *Buryatenergo*, *Krasnoyarskenergo*, *Kuzbassenergo-DGC*, *Omskenergo*, *Tomsk Distribution Company* and adopted decisions on the issue of reorganization in the form of a merger with Siberia IDGC.



Formation of NORTH CAUCASIA IDGC

15.01.2008 – Extraordinary General Meetings of Shareholders of *Dagenergo, KUEK and Stavropolenergo* adopted decisions on the issue of reorganization in the form of a merger with North Caucasia IDGC.

Formation of CENTRE IDGC

17.01.2008 – Extraordinary General Meetings of Shareholders of *Belgorodenergo and Tambovenergo* adopted decisions on the issue of reorganization in the form of a merger with Centre IDGC.

18.01.2008 – Extraordinary General Meetings of Shareholders of *Bryanskenergo, Voronezhenergo and Kurskenergo* adopted decisions on the issue of reorganization in the form of a merger with Centre IDGC.

19.01.2008 – Extraordinary General Meetings of Shareholders of *Smolenskenergo and Tverenergo* adopted decisions on the issue of reorganization in the form of a merger with Centre IDGC.

21.01.2008 – Extraordinary General Meetings of Shareholders of *Kostromaenergo, Lipetskenergo, Orelenergo and Yarenergo* adopted decisions on the issue of reorganization in the form of a merger with Centre IDGC.

Formation of URAL IDGC

18.01.2008 – Extraordinary General Meetings of Shareholders of *Permenergo, Sverdlovennergo and Chelyabenergo* adopted decisions on the issue of reorganization in the form of a merger with Ural IDGC.

Formation of VOLGA IDGC

18.01.2008 – Extraordinary General Meetings of Shareholders of *Volga DGC, Mordovenergo and Penzaenergo* adopted decisions on the issue of reorganization in the form of a merger with Volga IDGC.

Formation of SOUTHERN IDGC

18.01.2008 – Extraordinary General Meetings of Shareholders of *Astrakhanenergo, Volgogradenergo, Kalmenergo, Kubanenergo and Rostovenergo* adopted decisions on the issue of reorganization in the form of a merger with Southern IDGC.

TRANSITION MODEL OF DGC AND IDGC FUNCTIONING

During the transition period (before completion of DGC mergers) executive powers of distribution grid companies are to be transferred to management companies of the corresponding IDGCs.

In the IV quarter of 2007 the formation of the transition model of DGC and IDGC functioning was completed, including the transfer of executive powers to management companies of the corresponding IDGCs by the following distribution grid companies:

16.10.2007 – The Extraordinary General Meetings of Shareholders of *Kuzbassenergo-Regional Grid Company* approved the transfer of its' executive powers to the management of *Siberia IDGC*.

19.10.2007 – The Extraordinary General Meetings of Shareholders of *Altayenergo* approved the transfer of its' executive powers to the management of *Siberia IDGC*.



COMPLETION OF IDGC FORMATION

February 2008 – Planned approval of amendments to Government Resolution “*On pricing of electricity and heat in the Russian Federation*” № 109 of 26.02.2004 concerning the system of electric power transmission tariff regulation.

01.03.2008 – Planned completion of formation of **Centre and Privolzhye IDGC** (entry to be made to USRLE on the cessation of activities of the DGCs merged into this IDGC).

March 2008 – Planned inclusion of **Kurganenergo** into the **Ural IDGC holding company**. (a shareholder, who owns 51% of shares in the Company did not approve the merger of Kurganenergo into Ural IDGC). Thus, Kurganenergo will be included into the Ural IDGC holding company by means of paying for the additional issue of shares in the IDGC in RAO “UES of Russia”-owned shares in Kurganenergo (49% shareholding).

March 2008 – Planned approval by the FTS RF of the Guidelines for the calculation of the RAB and the Guidelines for the calculation of the rate of return on invested capital.

01.04.2008 – Planned completion of formation of **Centre IDGC, Southern IDGC, North Caucasia IDGC, Volga IDGC, Siberia IDGC** entry to be made to USRLE on the cessation of activities of the DGCs merged into these IDGCs.

01.05.2008 – Planned completion of formation of **Ural IDGC** (entry to be made to USRLE on the cessation of activities of the DGCs merged into this IDGC).

30.06.2008 – Planned completion of formation of the target structure of **MUEPGC**, consolidation of assets of Moscow and the Moscow Region (entry to be made to USRLE on the cessation of activities of MCEPGC as a result of the merger with MUEPGC).

30.06.2008 – Planned spin-off of **IDGC Holding Company** from the reorganized RAO “UES of Russia”.

01.07.2008 – Planned introduction of the system of tariff regulation based on the method of calculating and determining the rate of return on invested capital (RAB) for pilot DGCs.



SALES ACTIVITY

Restructuring of the Russian power sector is aimed mainly at demonopolization and development of competition in the field of electricity sales.

As a result of functional unbundling of regional AO-Energos, energy sales companies (ESCs) have emerged in the power sector.

The legal status of energy sales companies and all the peculiarities of sales activity during the transition period of restructuring are clearly specified in the Federal Law № 35-FZ of March 26, 2003 *"On the Electric Power Industry"* and in the Russian Federation Government Resolution № 530 of August 31, 2006, which approved *"Rules of operation of retail electricity markets during the transition period of electricity industry restructuring"*.

By now all energy sales companies of the Holding have become suppliers of last resort. This status was given to them by regional regulatory bodies of the subjects of the Russian Federation. As suppliers of last resort energy sales companies are obliged to enter into supply or purchase and sale contracts for electric power with any consumer who applies to them.

In order to protect the interests of retail market participants, including independent suppliers, a non-profit partnership of suppliers of last resort and energy sales companies was established **in December 2006**. This partnership was founded by RAO UES of Russia, its affiliated energy sales companies, and independent power supply companies.

In order to ensure that during the transition period energy sales companies are financially stable, the Board of Directors of RAO UES of Russia approved the "basic" model for disposal of shares in the companies. According to this model, shareholdings in energy sales companies owned by RAO UES of Russia are transferred to trust management by territorial generation companies, which are concluding share trust agreements for the shares in energy sales companies with RAO "UES of Russia".

Besides, as decided by the Board of Directors of RAO UES of Russia, "pilot" projects for disposal of shares in **9 energy sales companies** were implemented. These projects are different from the "basic" model and include:

- no more than 3 projects implemented in cooperation with regional administrations;
- 1 project involving transfer of shares in energy sales companies owned by RAO UES of Russia to trust management by WGCs;
- no less than 4 projects involving transfer of shares in energy sales companies owned by RAO UES of Russia to trust management by independent supply companies;
- 1 project involving the sale of shares in energy sales companies through a public auction.

In July 2006 a public auction was held where a shareholding in Yaroslavl Sales Company owned by RAO UES of Russia was sold. Auction results showed that the price at which the shares were actually sold exceeded the starting price by over 2,3 times. As a result, RAO UES of Russia managed to attract more than 425 mln rubles. The sale of shares in Yaroslavl Sales Company allowed to increase the income and to confirm that a whole range of investors are highly interested in participating in the sales segment.

On December 8, 2006 the Board of Directors of RAO UES of Russia approved possible methods of disposal of shares in energy sales companies owned by RAO UES of Russia, including:

- approved the basic method of disposal of RAO UESR-owned shares in energy sales companies involving the sale of shares through a public auction. In this case the starting price of shares should be no less than their market price calculated by an independent appraiser. All other possibilities except for the sale of shares through a public auction are subject to consideration by the Board of Directors of RAO UES of Russia on an individual basis;
- approved the list of energy sales companies, in which RAO UES of Russia is going to cease participation by means of selling RAO UESR-owned shares in these companies.



09.02.2007 – The RAO "UES of Russia" Board of Directors approved the first priority auction schedule for the sale of energy sales companies in 2007, as follows:

- Kuban Energy Sales Company
- Sverdlovskenergosbyt
- Nizhny Novgorod Energy Sales Company
- Orenburgenergosbyt
- Kuzbass Energy Sales Company
- Belgorod Energy Sales Company
- Vologda Energy Sales Company
- Kol Energy Sales Company

27.04.2007 – The RAO "UES of Russia" Board of Directors approved the second priority auction schedule for the sale of energy sales companies in 2007, as follows:

- Voronezh Energy Sales Company
- Karelian Energy Sales Company
- Kurgan Energy Sales Company
- Tver Energy Sales Company
- Astrakhan Energy Sales Company
- Bryansk Energy Sales Company
- Komi Energy Sales Company
- Stavropolenergosbyt
- Udmurtian Energy Sales Company
- Khakasenergosbyt
- Energosbyt Rostovenergo

31.08.2007 – The RAO "UES of Russia" Board of Directors approved the auction schedule for the sale of the remaining energy sales companies in 2007-2008, as follows:

↓ **November 2007** (evaluation as of 30.06.2007)

- Perm Energy Sales Company
- Omsk Energy Sales Company
- Tula Energy Sales Company
- Tomsk Energy Sales Company
- Vladimir Energy Sales Company
- Kirovenergosbyt
- Lipetsk Energy Sales Company
- Buryatenergosbyt
- Novgorod Energy Sales Company
- Orel Energy Sales Company
- Marienergosbyt
- Kostroma Energy Sales Company

↓ **May 2008** (evaluation as of 30.09.2007)

- Tambov Energy Sales Company
- Krasnoyarskenergosbyt
- Cheltabenergosbyt
- Penza Energy Sales Company
- Tyumen Energy Sales Company
- Saint-Petersburg Energy Sales Company
- Mosenergosbyt

↓ **March 2008** (evaluation as of 30.09.2007)

- Samaraenergo
- Saratovenergo
- Chuvashi Energy Sales Company
- Chita Energy Sales Company
- Ryazan Energy Sales Company
- Ulyanovskenergo
- Arkhangelsk Energy Sales Company
- Smolenskenergosbyt
- Ivanovo Energy Sales Company
- Mordovian Energy Sales Company
- Kurskenergosbyt
- Pskovenergosbyt
- Volgogradenergosbyt
- Kaluga Energy Sales Company



In 2007 22 projects for the sale of shares in energy sales companies have been completed, around 13 244 million rubles attracted

ON 21-23 MAY 2007 "FIRST PRIORITY" AUCTIONS WERE HELD FOR THE SALE OF RAO UESR-OWNED SHAREHOLDINGS ENERGY SALES COMPANIES, AROUND 7 470 MILLION RUBLES ATTRACTED

No	Energy sales company (ESC)	Starting price, mln rubles	Final price, mln rubles	Preferred bidder
1.	Belgorod ESC	250	920	CIT Finance
2.	Vologda ESC	250	250	Roskommunenergo
3.	Kol ESC	450	<i>Bidding was aborted</i>	
4.	Kuban ESC	850	850	Stroyservice
5.	Kuzbass ESC	1140	1140	MECHEL-ENERGO
6.	Nizhny Novgorod ESC	750	2050	Transneftservice S
7.	Orenburgenergosbyt	1110	1110	Center Region Invest (IES)
8.	Sverdlovskenergosbyt	1150	1150	Center Region Invest (IES)

ON SEPTEMBER 18-19, 2007 "SECOND PRIORITY" AUCTIONS WERE HELD FOR THE SALE OF RAO UESR-OWNED SHAREHOLDINGS IN ENERGY SALES COMPANIES, AROUND 1 280 MILLION RUBLES ATTRACTED

No	Energy sales company (ESC)	Starting price, mln rubles	Final price, mln rubles	Preferred bidder
September 18, 2007				
1.	Energosbyt Rostovenergo	950	<i>Bidding was aborted</i>	
2.	Stavropolenergosbyt	650	<i>Bidding was aborted</i>	
3.	Khakasenergosbyt	230	<i>Bidding was aborted</i>	
4.	Kurgan ESC	80	80	Antal Trading Company
September 19, 2007				
1.	Bryansk ESC	375	<i>Bidding was aborted</i>	
2.	Karelian ESC	350	350	Transneftservice S
3.	Tver ESC	550	550	Chronos
4.	Voronezh ESC	300	300	KT Project Investment company
5.	Komi ESC	375	<i>Bidding was aborted</i>	
6.	Udmurtian ESC	500	<i>Bidding was aborted</i>	

On September 19, 2007 a collusion of participants took place towards companies located in the zone of interest of one of the buyers.

The auction for a stake in Astrakhan Energy Sales Company, due on October 5, 2007, did not take place as a result of an absence of bids.



At its meeting **on September 27, 2007 The Board of Directors** reviewed the results of the competitive selection of energy supply companies of last resort.

Pursuant to the rules of operation of retail energy markets, the first competitive procedures for the selection of last-resort suppliers must be conducted **by January 1, 2008** throughout the Russian Federation. However the rules for such procedures prepared by the Ministry for Industry and Energy of the Russian Federation had not yet been approved, they were at the time being reviewed by profile ministries and departments.

Nevertheless in some of the regions of the Russian Federation competitive procedures for the selection of last-resort suppliers were declared by local authorities **in 2007**. Most of them have either been cancelled or the announcement of their time frame was postponed until rules for such procedures are issued. A competitive procedure was declared in the Sverdlovsk Region but was deemed invalid as potential participants withdrew their bids. Winners were only determined in two competitive procedures held by regional authorities of the Nizhni Novgorod region and the Leningrad region.

At the same time, the results of these competitive procedures are currently being contested in courts of arbitration, the reasons for it being the ambiguousness of the interpretation of the amendments to the Russian Federation Government Resolution № 530 of August 31, 2006 *"On Approving the Rules of Operation of Retail Electricity Markets during the Transition Period of Electricity Industry Restructuring"* approved by the Russian Federation Government Resolution № 450 of July 16, 2007 and the lack of transparency in the conditions and procedure of the competitive selections conducted in the Nizhni Novgorod region and the Leningrad region. This creates certain risks for the reliability of consumer power supply and for the investment attractiveness of energy sales companies that are part of the RAO "UES of Russia" holding company.

Herewith, the situation involving the first regular competitive procedure for the selection of last-resort suppliers has proved that the energy sales segment has a high competitive potential but no mechanism for its implementation. As a result, these competitive selection procedures lead to a battle for administrative resources, instead of stimulating quality and price competition.

Thus it seems more rational to first provide for the launch of broader mechanisms of competition and only then start the competitive selection of last-resort suppliers.

At its meeting **on September 27, 2007 the RAO "UES of Russia" Board of Directors** approved proposals aimed at improving regulatory documents of operation of retail electricity markets, including the amendment of regulations concerning the assignment and replacement of last resort suppliers.

For example, it is being proposed that the competitive selections must take place **from 2010 to 2012**. At the same time the winners of the first and of all the subsequent competitive selections will be obliged to start performing their duties of last-resort suppliers on the 1st of January of the following year.

Last-resort suppliers that are not participants of the wholesale market will have to obtain this status and be granted the right to take part in electric power (capacity) trading on the corresponding territory with a condition to start operations on the wholesale market from the 1st of January of any year and before the 1st of January 2010. (the reason for this is that the entry of last-resort suppliers into the wholesale market for electric power will require a revision of most tariff decisions) Otherwise the company will lose its status of last-resort supplier and its area of operations will be included into the area of a last-resort supplier out of the list of ESCs singled out of AO-energo. The restriction was set at January 1, 2010 so that within each region a list of last-resort suppliers and their territories of activities can be drawn up by the time the first competitive procedure is conducted.



Another set of proposals is aimed at expanding the mechanism of competition on the retail electricity market, other than the battle to obtain last-resort supplier status. Among these proposals are the introduction of a simplified procedure of obtaining the right to trade on the wholesale electric power market and loosen the requirements for business accounting of ESCs and other buyers.

It is also proposed to simplify the procedure of collecting the documents needed for concluding electric power sales and purchase agreements and secure the customer's right to cancel electric power sales and purchase agreements not only with the last-resort supplier, but also with any energy sales company provided that there is no outstanding debt and all other requirements are met.

On 30.11.2007 the RAO "UES of Russia" Board of Directors approved the mechanisms for disposal of energy sales companies, that were not sold during the first stage of auctioning:

The mechanism of sale – is the sale to a person, who was the first to place a bid for purchase of any energy sales company, put up for sale at the Information and Trade System for Disposal of Assets of RAO "UES of Russia", with the subsequent conclusion of a sales-and-purchase agreement.

On November 27-29 and December 4, 2007 auctions were held for the sale of RAO "UES of Russia"-owned shareholdings in energy sales companies

ON NOVEMBER 27-29 AND DECEMBER 4, 2007 "THIRD PRIORITY" AUCTIONS WERE HELD FOR THE SALE OF THE FOLLOWING COMPANIES, AROUND 3 747 MILLION RUBLES ATTRACTED

No	Energy sales company (ESC)	Starting price, mln rubles	Final price, mln rubles	Preferred bidder
1.	Vladimir ESC	290	295	Trans-Service
2.	Lipetsk ESC	250	501,5	Mironova I.L.
3.	Kostroma ESC	150	<i>Bidding was aborted</i>	
4.	Orel ESC	130	<i>Bidding was aborted</i>	
5.	Tula ESC	410	490	IFC Metropol
6.	Novgorod ESC	120	<i>Bidding was aborted</i>	
7.	Marienergobyt	150	151	Cimvol-Trans
8.	Buryatenergobyt	200	201	Regional Company "Reserve"
9.	Omsk ESC	300	307,15	Roskommunenergo
10.	Tomsk ESC	240	242	Regional Company "Reserve"
11.	Perm ESC	875	1 257	Centre Nadezhnosti
12.	Kirovenergobyt	300	302,2	Centre Region Invest

ON NOVEMBER 29, 2007 AUCTIONS WERE HELD FOR THE SALE OF THE FOLLOWING COMPANIES, THAT WERE NOT SOLD DURING THE INITIAL AUCTIONS, AROUND 748 MILLION RUBLES ATTRACTED

No	Energy sales company (ESC)	Starting price, mln rubles	Final price, mln rubles	Preferred bidder
1.	Astrakhan ESC	350	<i>Bidding was aborted</i>	
2.	Bryansk ESC	375	<i>Bidding was aborted</i>	
3.	Komi ESC	375	<i>Bidding was aborted</i>	
4.	Stavropolenergobyt	650	<i>Bidding was aborted</i>	
5.	Udmurtian ESC	500	515,515	Peresvet
6.	Khakasenergobyt	230	232	Roskommunenergo
7.	Energobyt Rostovenergo	950	<i>Bidding was aborted</i>	



The November auctions proved the efficiency of the new method of energy sales asset disposal – a sealed-bid public auction.

Pursuant to the decision of the RAO "UES of Russia" Board of Directors, the following schedule has been established for the disposal of **30 energy sales companies in 2008**:

↓ **January 18, 2008** (*previously unsold energy sales companies*)

- Kostroma Energy Sales Company
- Novgorod Energy Sales Company
- Orel Energy Sales Company
- Astrakhan Energy Sales Company
- Bryansk Energy Sales Company
- Komi Energy Sales Company
- Stavropolenergosbyt
- Energosbyt Rostovenergo
- Kol Energy Sales Company

↓ **March 2008** (*companies of "fourth priority"*)

- Arkhangelsk Energy Sales Company
- Volgogradenergosbyt
- Ivanovo Energy Sales Company
- Kaluga Energy Sales Company
- Kursk Energy Sales Company
- Mordovian Energy Sales Company
- Pskovenergosbyt
- Ryazan Energy Sales Company
- Samaraenergo
- Saratovenergo
- Smolenskenergosbyt
- Ulyanovskenergo
- Chita Energy Sales Company
- Chuvashi Energy Sales Company
- Mosenergosbyt (separate project)

↓ **May 2008** (*companies of "fifth priority"*)

- Krasnoyarskenergosbyt
- Penza Energy Sales Company
- Saint-Petersburg Energy Sales Company
- Tambov Energy Sales Company
- Tyumen Energy Sales Company
- Chelyabenergosbyt

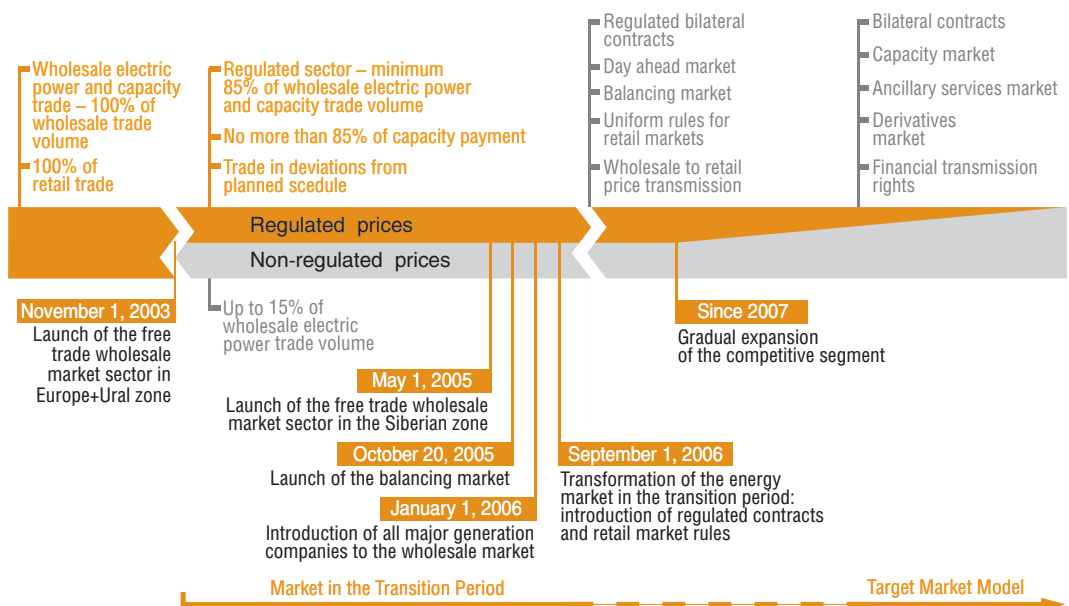


MARKET INFRASTRUCTURE

DEVELOPMENT OF THE POWER (CAPACITY) MARKET

Creation of the competitive power (capacity) market is one of the main objectives of the reform. All prices in this market should be formed on a demand and supply basis instead of being regulated by the State. The target model for the electricity market involves the following principles, according to which wholesale and retail markets are working:

- functioning of a unified wholesale electricity (capacity) market in the European Russia, Ural, and Siberia (excluding isolated energy systems located in these regions);
- competitive electricity trading: long- and middle-term financial bilateral contracts, day-ahead market, balancing market;
- competitive capacity trading: long- and middle-term bilateral contracts, purchase/sale of capacity through year-long and long-term (for several years ahead) competitive procedures;
- competitive ancillary services – competitive selection of service providers and purchase of services necessary to ensure the quality of power supply in the unified energy system of Russia by the System Operator;
- wholesale to retail price transmission – retail end user price depends on purchase price of electricity in the wholesale market;
- retail end users have an opportunity to choose a retailing company – electricity supplier.



Wholesale market infrastructure includes the following organizations:

- **NP ATS** – Not-for-profit partnership "Administrator of Trading System" (NP ATS). The company was established *in 2001*. Later it became a wholesale electricity (capacity) market operator.
- **SO-CDA UES** – System Operator of the wholesale market. *In 2004* the company created a new dispatching vertical: it started to perform functions previously exercised by regional dispatch administrations.
- **FGC UES** – the company that controls operation of the unified (all-Russian) power grid.



WHOLESALE MARKET

Wholesale electricity (capacity) market of the transition period has started operation **since November 1, 2003**. The work of the market is regulated by the Russian Federation Government Resolution № 643 of October 24, 2003 "*On the Rules of Operation of the Transition Wholesale Electricity (Capacity) Market*". This resolution laid a foundation for competitive pricing in the wholesale market.

Due to the adoption of the Russian Federation Government Resolution № 529 of August 31, 2006 "*On Improving Operations of the Wholesale Electricity (Capacity) Market*" the new wholesale electricity (capacity) market model has been launched **since September 1, 2006**. The new market model implies significant innovations in the system of contractual relations and pricing in the wholesale market.

Key principles of the new wholesale market model are as follows:

The volumes of electricity sold in the wholesale market at regulated prices (excluding electricity supplied to the population) will gradually reduce. As a result, those volumes of electricity that are no longer covered by regulated contracts (alongside with those electricity volumes that exceed the FTS forecast for 2007) and all electricity produced by new suppliers will be traded at free competitive prices. The Russian Federation Government has already defined the pace of reduction of electricity sold/bought at regulated prices. Reductions correspond to the certain share of electricity from the electricity volumes included in the FTS forecast for 2007. Starting **from January 1, 2008** regulated contracts cover 85% of electricity.

On April 7, 2007 the Russian Federation Government approved a Resolution "On Amending Certain Russian Federation Government Regulations Related to the Calculation of Electricity Volumes Sold at Free (Unregulated) Prices", which specifies further reduction of electricity volumes covered by regulated contracts:

- from January 1, 2008 to June 31, 2008 – 85%
- from July 1, 2008 to December 31, 2008 – 75%
- from January 1, 2009 to June 31, 2009 – 70%
- from July 1, 2009 to December 31, 2009 – 50%
- from January 1, 2010 to June 31, 2010 – 40%
- from July 1, 2010 to December 31, 2010 – 20%

Starting **from January 1, 2011** all electricity (excluding electricity supplied to the population) will be sold at competitive prices.

The new wholesale electricity (capacity) market model implies the establishment of the system of long-term relations between electricity buyers and sellers in the wholesale market. It establishes the procedure of conclusion and execution of bilateral purchase and sale contracts for electricity (capacity) by wholesale market participants. This refers both to regulated contracts that are concluded on the basis of regulated prices (tariffs) and to free bilateral contracts concluded on the basis of competitive electricity prices agreed by the parties to the contract.

The new methods of competitive pricing have been introduced in the electricity market. The procedure of competitive selection of bids has been worked out: the bids are selected a day before real time and in a near real time manner. Dispatching procedures have also been modified in order to optimize load distribution among generation capacities. This is achieved through load planning proceeding from suppliers' bids, which reflect actual cost of power generation. This helps to achieve more efficient distribution of energy resources. Besides, in the nearest future it is planned to implement a new selection mechanism, which is designed to select equipment configuration proceeding from suppliers' bids. The use of this mechanism will also lead to a more efficient distribution of resources.



Recently there have been significant changes in the procedure of capacity trading in the wholesale market. Mandatory requirements designed to maintain set-up parameters of the energy system, which help to ensure reliable and sustainable power supply to consumers, have been imposed on power producers and their generation equipment. Compliance or non-compliance with these requirements influences the cost of capacity sold by a generator.

Furthermore, there were certain changes in wholesale electricity pricing, which helped to avoid cost imbalance in the field of electricity trading at regulated prices (tariffs) and led to the situation where regulated prices are more predictable for market participants.

Wholesale market participants purchase electric power (capacity) under bilateral contracts for the purchase and sale of electric power (capacity) at regulated prices which are the same as suppliers' tariffs. Starting **from 2008 the aforementioned tariffs** will be calculated using an indexation method in accordance with the price formula specified in instructional guidelines approved by the Federal Tariff Service. The overall cost of electric power and capacity purchased at regulated prices (tariffs) is calculated for each consumer-participant of the wholesale market individually as a sum total of all bilateral contracts concluded by this market player.

In order to form contracting parties under bilateral contracts for the purchase and sale of electric power (capacity) at regulated prices (tariffs) the Federal Tariff Service will calculate indicative prices for electric power and capacity. These prices will be used as an orientation point (indicator) for the Administrator of Trading System when he is preparing a package of contracts for each wholesale market participant who is a buyer of electric power (capacity). The mentioned indicative prices will also be used when calculating regulated prices (tariffs) for electric power and capacity in the retail segment with regard to determination of cost of electric power purchased in the wholesale market at regulated prices (tariffs).

Pursuant to the instructions of the Russian Federation Government (Russian Federation Government Resolution № 529 of August 31, 2006), **on December 29, 2007** the Russian Federation Government Resolution № 951 *"On the Introduction of Amendments to Certain resolutions of the Russian Federation Government due to the Specification of the Particularities of Wholesale Electric Power (Capacity) Market Functioning during the Transition Period within Territories not Integrated into Price Zones"* was approved. This document specifies the particularities of wholesale electric power (capacity) market functioning during the transition period within territories not integrated into price zones of the market. It also stipulates the characteristics of the participation of newly-established companies according to new rules. The resolution procures not only for a significant improvement of price mechanisms in the wholesale market within the specified territories, but also for an improvement of all technological processes, including a transition to hourly planning and the conducting of generation modes, an introduction of commercial dispatching as to the accounting for cost characteristics of electric power production, hourly calculations of electric power actually supplied/consumed and so on.

As of the start of 2007 a lot of work was done by RAO UES of Russia in cooperation with various ministries and departments to prepare a whole range of regulations designed to ensure efficient functioning of the wholesale electricity (capacity) market according to the new rules. The following measures were taken:

- Russian Federation Government Resolution № 205 of April 7, 2007 *"On amending certain resolutions of the Russian Federation Government related to the calculation of electricity volumes sold at free (competitive) prices"* was adopted;
- Russian Federation Government Resolution № 951 *"On the Introduction of Amendments to Certain resolutions of the Russian Federation Government due to the Specification of the Particularities of Wholesale Electric Power (Capacity) Market Functioning during the Transition Period within Territories not Unified into Price Zones"* was adopted;
- pursuant to the Order № 135 issued by the Ministry for Industry and Energy of Russia on April 23, 2007 consumer groups that are subject to differentiation of contract terms were defined (this refers to contracts for the purchase and sale of electric power (capacity) at regulated prices (tariffs) concluded in the wholesale market).



In the 4th quarter of 2007 a lot of work was done to improve the design of the electricity (capacity) market of the transition period, including interaction with wholesale market participants. The following measures were taken:

- monitoring of activities performed and financial results achieved by market participants in the new wholesale electricity (capacity) market;
- preparation of draft regulations for organizing competitive capacity trading in the wholesale market, and the submittal of these draft regulations for review by profile ministries and departments;
- continuation of work towards the development of the concept and draft regulations for the ancillary services market;
- continuation of work towards the development of the procedure of revealing cases of price manipulation in the wholesale electricity (capacity) market.

Capacity market

Restructuring of the Russian power sector and introduction of competition in the wholesale electricity (capacity) market can't be completed without creation of a capacity market. Liberalization of capacity market is planned to be implemented gradually by means of reducing capacity volumes covered by regulated contracts. The remaining capacities will be sold using competitive mechanisms, i.e. free bilateral contracts and competitive procedures for the choice of capacity suppliers.

We are planning that there will be long-term competitive procedures for the choice of capacity suppliers (for several years ahead). Not only existing power plants but also those under construction (in case existing capacities are unable to meet growing demand) will have an opportunity to participate in these competitive procedures. In the future, when bidding for the sale of capacity, the investor planning to invest in construction of new capacities will be sure that he will have a reasonable return on investments (in case his bid wins the bidding). This model will help to ensure generation adequacy and create price incentives for investors, thus resulting in the increased capability of the industry to attract investments. In order to implement the concept of competitive capacity market the ministries and departments of the Russian Federation have prepared corresponding draft regulations.

Ancillary services market

Ancillary services market provides efficient mechanisms for maintaining reliability and ensuring successful performance of the energy system. Ancillary services include:

- frequency response and active power flow control;
- reactive support and voltage control service;
- black start facilities and emergency control schemes.

With the aim of preparing the launch of the ancillary services market we've developed the list of pilot projects for rendering ancillary services, defined the volume of these services and worked out auction rules (auctions are designed to select service providers). It is planned to start implementation of pilot projects **in 2008**. Launch of the ancillary services market will help to improve reliability and quality of power supply.



Further development of the wholesale market

In the future it is planned to create ***economic incentives for consumers to voluntarily restrict the amount of electric power they consume***, as well as to create "auxiliary" markets, which will support operation of the energy system, i.e. financial transmission rights market (the market where rights for the use of carrying capacity of electric grids are traded) and derivatives market.

Introduction of the ***mechanism involving economic incentives for consumers to reduce their electricity consumption*** will help to cope with the problem of capacity deficit in certain regions and to avoid capacity deficit in peak hours. According to this mechanism the first consumers to restrict their electricity consumption are those who, voluntarily and without compensation, have agreed to restrict their electricity consumption by certain amounts at certain times of the day as specified in advance by the terms of the corresponding contract.

It is planned to establish the order of introducing the new regime, to develop the method of revealing the extent to which a consumer has fulfilled his obligations including requirements related to electricity metering, and to work out the system of payments for restricted consumption.

Financial transmission rights market, i.e. the market where rights for the use of carrying capacity of electric grids are traded, will help to create a transparent market mechanism designed to distribute the limited resource – carrying capacity of electric grids, and a mechanism designed to support private investments in construction and development of grids in order to minimize these constraints. It is supposed that FTRs will be traded through competitive auctions.

Derivatives market will enable to create a risk management system in the electric power industry. Forward contracts (bilateral contracts) are main instruments in this market. Communicating with each other, buyers and sellers will select contracting parties under these contracts. The use of derivatives of those market players that are not involved in the energy segment (investment companies, banks etc.) will help to redistribute price risks, so that the situation will become more favourable for wholesale buyers and sellers.

RETAIL ELECTRICITY MARKETS

Pursuant to the Russian Federation Government Resolution № 530 of August 31, 2006 "*On adoption of rules of operation of retail energy markets in the transition period of electricity industry restructuring*", **since September 1, 2006** the new retail market rules have come into force. These rules determine not only how wholesale and retail market players should interact with each other during the transition period of electricity industry restructuring, but also new pricing mechanisms.

The new retail market rules specify how energy companies may become suppliers of last resort and pertain to the following issues: the mechanism designed to determine areas of operation of suppliers of last resort, the rules of their operation, basic rules of the system of payments in the retail market, peculiarities of rendering transmission services in the retail market, and the main mechanisms of commercial accounting.



Changes in retail market rules depend greatly on changes in the wholesale market. First of all, these changes are connected with transition to the system of regulated contracts with further gradual liberalization of electricity (capacity) trading.

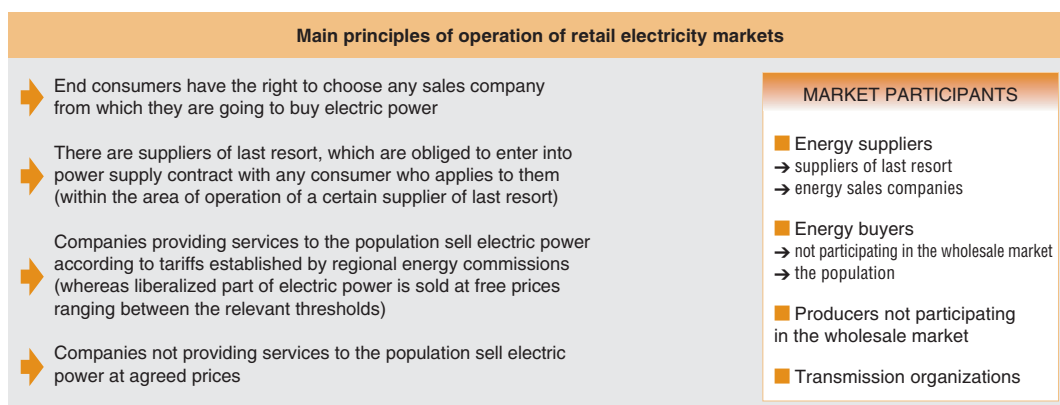
The new retail market has commenced operations **since September 1, 2006**. In the new market is characterized by wholesale to retail price transmission. This means that electricity volumes are partially supplied at regulated prices, and partially at prices that reflect the cost of electricity in the competitive wholesale electricity market within the limits of threshold levels of unregulated prices. Threshold levels of unregulated prices are calculated in accordance with *the new retail market rules* proceeding from the information on the average cost of one unit of electric power (1 KWh) in the wholesale market (as of the last month) monthly published by NP ATS, taking into account regulated tariffs for transmission and infrastructure services and the sales surcharge.

As a result of structural transformations that are currently taking place in the electric power industry, the new retail market design includes a sales company, a network organization and several generation companies instead of one energy supply company.

Results of operation of the retail market achieved **starting from the beginning of 2007** show that new pricing mechanisms have been successfully introduced. Now all electricity customers including those that are financed from the budget are paying for consumed electricity according to the new rules. At the same time, energy sales companies supply electric power to consumers at agreed prices that are not limited by thresholds. Note that this doesn't refer to energy sales companies which supply electric power to the population.

There is a positive trend in court practice in respect of introduction of competitive prices **since 1 September 2006**. Thus, for instance, Moscow Arbitration Court, Orenburg Region Arbitration Court, Chuvashi Republic Arbitration Court, and Khanty Mansi Autonomous Area Arbitration Court have adopted corresponding decisions. Besides, in at least two cases the arbitration court has ruled in favour of the appealing parties – cassation appeals were satisfied by the Federal Arbitration Court for West Siberian District and the Federal Arbitration Court for Povolzhye District.

Russian Federation Government Resolution № 450 of 16.07.2007 amended rules of retail markets operation that change the time frame of conducting the first regular competitive selection procedure. These amendments are necessary mainly



because the local authorities of constituent entities of the Russian Federation are unprepared for the organization and control over procedures of consumer transition from the precedent supplier to the newly-appointed last-resort supplier that has obtained this status for the first time. At the moment the Rules for conducting competitive procedures necessary for the methodological procurement of these procedures are being reviewed and discussed by interested parties.

RF Government Resolution № 996 of 29.12.2007 introduced amendments RF Government Resolution № 530 *"On the Rules of Functioning of Retail Markets during the Transition Period"*, pertaining to:

- adjustment of the time frame for conducting the first consecutive competitive procedures for the selection of last-resort suppliers. The first of these procedures for LRS status may not be conducted no earlier than 2010 and no later than 2012, and the last-resort supplier selected through this competition must start carrying out the corresponding activities on the first of January of the year following the year when the competitive procedure took place;
- adjustment of the final date set for the entry onto the wholesale electric power (capacity) market of the last-resort suppliers, which as of September 1, 2006 (date of entry into legal force of RF Government Resolution № 530) were not participants of this market and buy electric power exclusively on the retail market from a local last-resort supplier, which in its turn is a member of the wholesale market. The date set is January 1, 2010;
- setting additional requirements to be applied to relations of sale and purchase of electric power between a last-resort supplier that is a participant of the wholesale electric power (capacity) market and a last-resort supplier that is not a participant of the wholesale electric power (capacity) market;
- clarification of provisions on the changes (unification or separations) of the borders of zones of activity of last-resort suppliers;
- granting large generation facilities located in a zone of activity of a last-resort supplier, which is not a participant of the wholesale electric power (capacity) market, the right to sell electricity that it produced, including the sale to a local last-resort supplier that is a participant of the wholesale electric power (capacity) market ;
- consolidation of the obligation of a last-resort , which is not a participant of the wholesale electric power (capacity) market, to sell excesses of production of large generation facilities located in the zone of its' activities to a local last-resort supplier that is a participant of the wholesale market.

In pursuance of the Russian Federation Government orders designed to strengthen the new retail market rules specified in the Resolution № 530 of August 31, 2006, the following normative documents were approved:

- Russian Federation Government Resolution № 450 of July 16, 2007 *"On amending the Russian Federation Government Resolution № 530 of August 31, 2006 "On Approving the Rules of Operation of Retail Electricity Markets during the Transition Period of Electricity Industry Restructuring"*.
- FTS Order № 166-e/1 of August 21, 2007 *"On approving the rules for calculating the cost of electric power(capacity) supplied to the retail power market at regulated prices (tariffs), payment for deviations of real-time quantities of electric power consumed from the volumes preplanned, as well as compensation of costs incurred as a result of a change in preplanned volumes of electric power consumption"*.
- FTS Order № 286-e/9 of November 17, 2006 *"On approval of the procedure of opening and maintenance of the Federal Information Register of Suppliers of Last Resort and Their Areas of Operation"*, the aforementioned register is maintained by the FTS of Russia;
- FTS Order № 302-e/5 of November 24, 2006 *"On approval of instructional guidelines for the calculation of a supply surcharge of suppliers of last resort"*;
- Order by the Ministry for Industry and Energy of the Russian Federation № 49 of February 22, 2007 *"On the method of calculating the correlation between active and reactive capacity of certain energy-receiving appliances (groups of energy-receiving appliances)of electric power consumers, used to determine the liabilities of parties to agreements of providing services of electric power transmission(power supply agreements)"*.



NOT-FOR-PROFIT PARTNERSHIP "ADMINISTRATOR OF TRADING SYSTEM OF THE WHOLESALE ELECTRICITY MARKET WITHIN THE UNIFIED ENERGY SYSTEM"



The Not-for-Profit Partnership "Administrator of Trading System of the Wholesale Electricity Market within the Unified Energy System" (NP ATS) **was established on November 23, 2001** in compliance to the Russian Federation Government Resolution № 526 of July 11, 2001 "On Restructuring the Electric Power Industry of the Russian Federation".

The main aim of NP ATC activities is to organize trade and financial settlements on the wholesale electricity market, increase the efficiency of electric power production and consumption, as well as to protect interests of power suppliers and buyers. NP ATS renders infrastructure services on the organization of trade in the wholesale power market, thus ensuring closing of transactions, fulfillment of mutual obligations and execution of transactions taking into account the peculiarities of market functioning.

Financial Settlement Center (ZAO CFR) is one of the members of NP ATS Group. It provides a comprehensive service of organizing contractual relations in the wholesale electricity market and making financial arrangements between market participants. ZAO CFR is a wholly-owned subsidiary of NP ATS. At the moment around 400 people are employed at the NP ATS Group.

On November 7, 2003 both the competitive market segment and the new wholesale power market model were launched. **As of January 1, 2005 NP ATS became the world's largest trade operator** among organized electricity trading floors, combining management functions directed at both the regulated and the free trade sector throughout the Russian Federation. **On May 1, 2005** the wholesale market free trade sector started operating on the territory of Siberia.

On September 1, 2006 the new wholesale electricity (capacity) market model was launched. The new model includes new pricing methods: now there are no opportunities for arbitrage between the purchase and sale of electricity at regulated prices and closing of transactions at unregulated prices. Thus, there are no price caps. According to the new rules and regulations by September 1, 2007 wholesale market participants have concluded and renegotiated around 4 000 contracts necessary for work in new conditions.

As of December 31, 2007 a total of **229 participants** have joined the trading system.



FUNCTIONING OF THE WHOLESALE POWER MARKET (SINCE OCTOBER 1, 2007 UNTIL DECEMBER 31, 2007)

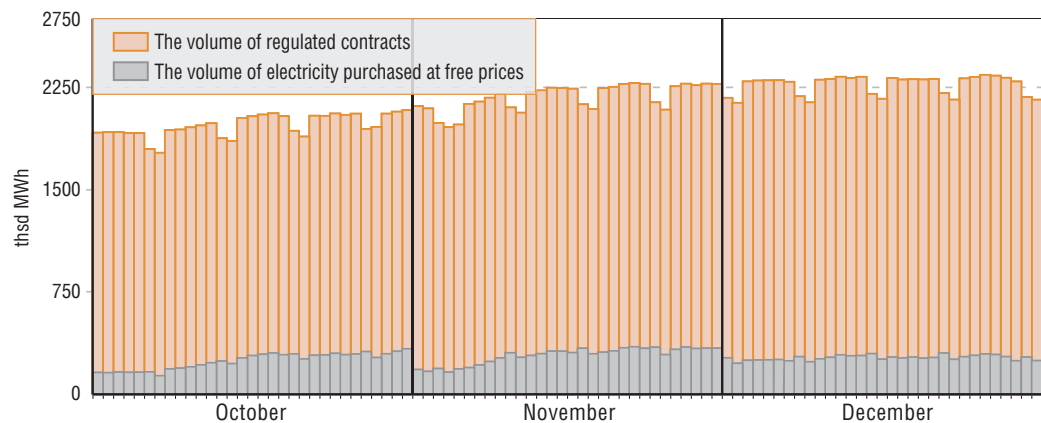
EUROPE AND URAL

By the end of December the daily average number of market participants has reached the following figures: **28 sellers, 119 buyers** and 6 companies filing applications for both sale and purchase of electric power.

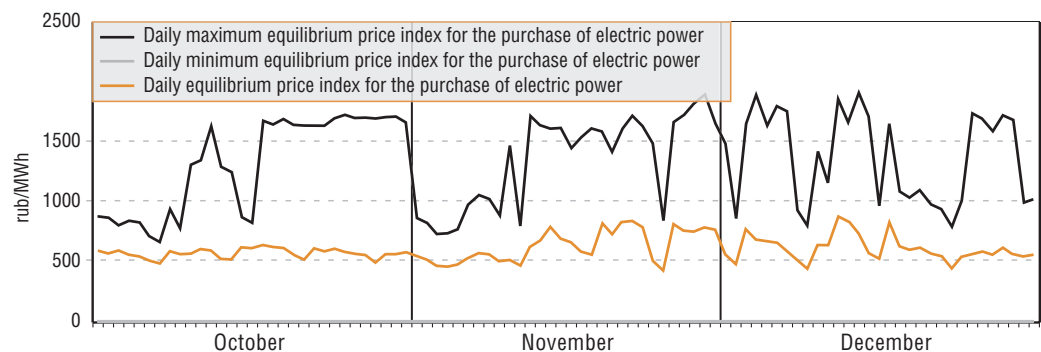
In the fourth quarter of 2007 a total of 199,4 mln MWh was bought, including 172,4 mln MWh at regulated prices (under regulated contracts) and 24,0 mln MWh at free prices (at the day ahead market). The figure "Trade Results in European Russia and Ural in the 4th quarter of 2007" shows daily dynamics of purchase volumes. During the accounting period we observed an increase in consumption on weekends and holidays, as well as an increase in consumption towards December, which is caused by the climatic factor. The minimum demand (1 760 thsd MWh) was observed on October 7, the maximum demand (2 379 thsd MWh) – on December 26. The share of electricity bought at free prices in the cumulative amount of electricity bought by consumers totaled 12,4% showing a decrease of 0,3% in comparison to the 3rd quarter of 2007.

The figure "Dynamics of the equilibrium price index in European Russia and Ural in the 4th quarter of 2007" shows the fluctuation of maximum and minimum prices. The weighted average equilibrium price consumers were charged for the electricity they purchased was 595,87 rub/MWh. Volatility of the equilibrium price index* totaled 53%. The minimum price was observed on November 25 (410,02 rub/MWh), the maximum price – on December 12 (866,34 rub/MWh).

TRADE RESULTS IN EUROPEAN RUSSIA AND URAL IN THE 4TH QUARTER OF 2007



DYNAMICS OF THE EQUILIBRIUM PRICE INDEX IN EUROPEAN RUSSIA AND URAL IN THE 4TH QUARTER OF 2007



* Equilibrium price index for the purchase of electric power – the nodal price, which corresponds to the consumption weighted average price for planned hourly electricity volumes in different nodes of the system.

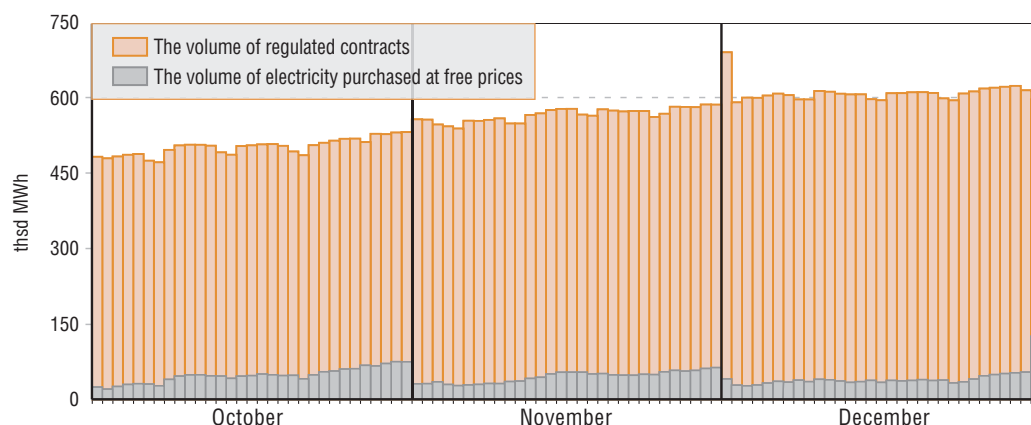
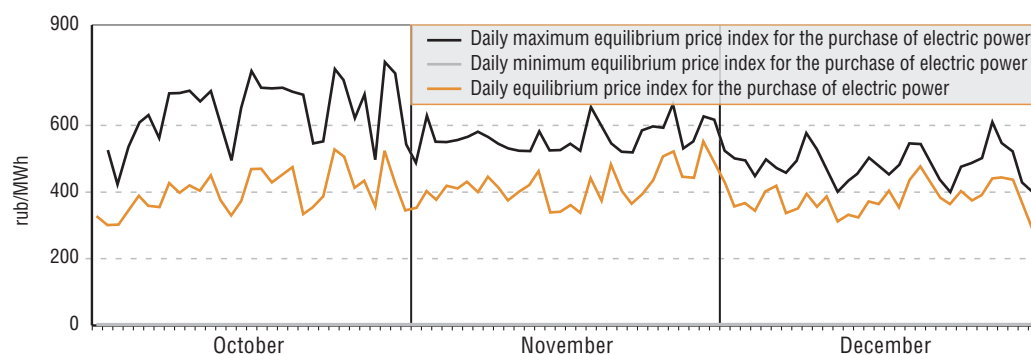


SIBERIA

By the end of December 2007 the daily average number of market participants has reached the following figures: **15 sellers, 19 buyers** and 1 company filing applications for both sale and purchase of electric power.

During the 3 months a total of 54,6 mln MWh of electric power was bought, including 47,4 mln MWh at regulated prices (under regulated contracts) and 4,0 mln MWh at free prices (at the day ahead market). The figure "Trade results in Siberia in the 4th quarter of 2007" shows daily dynamics of purchase volumes each month. The minimum volume of electricity purchased was observed on October 7 (519,7 thsd MWh), maximum – on December 1 (713 thsd MWh). The share of electricity bought at free prices in the cumulative amount of electricity bought by consumers totaled 7,4% showing an increase of 1% in comparison to the 3rd quarter of 2007.

The figure "Dynamics of the equilibrium price index in Siberia in the 4th quarter of 2007" shows the fluctuation of the index during the accounting period. The weighted average equilibrium price consumers were charged for the electricity they purchased was 399,80 rub/MWh. The maximum price was observed on November 29 (550,44 rub/MWh), the minimum price – on December 31 (285,38 rub/MWh). Low prices were observed on weekends and holidays. Volatility of the equilibrium price index totaled 48%.

TRADE RESULTS IN SIBERIA IN THE 4TH QUARTER OF 2007DYNAMICS OF THE EQUILIBRIUM PRICE INDEX IN SIBERIA IN THE 4TH QUARTER OF 2007

APPENDIX



GENERATION COMPANIES

OPEN JOINT-STOCK COMPANY

"THE FIRST GENERATION COMPANY OF THE WHOLESALE POWER MARKET" (WGC-1)



117447 Russia, Moscow,
Bolshaya
Cheremushkinskaya street,
13/17

Tel: (495) 225-40-00
Fax: (495) 225-40-90
E-mail: info@ogk1.ru
Web: www.ogk1.com

WGC-1 was established on March 23, 2005. The company includes:

- Perm SDPP (Perm region)
- Kashira SDPP-4 (Moscow region)
- Nizhnevartovskaya SDPP (Khanty-Mansi Autonomous Area)
- Urengoykaya SDPP (Yamalo-Nenets Autonomous Area)
- Irikliino SDPP (Orenburg region)
- Verkhnetagilskaya SDPP (Sverdlovsk region)

Director General – Khlebnikov Vladimir Viktorovich

Chairman of the Board of Directors – Avetisyan Vladimir Yevgenyevich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	44 643 192 918
par value of 1 share, rub.	0,57478

The share of RAO UES of Russia in the authorized capital, %** **91,68**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	9 531,0
Installed heat capacity, thousand Gcal/hour	2,6
Amount of power produced, mln kWh	35 765,2
Capacity utilization rate, %	57,27
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	32 380,1
Production costs, mln rubles	27 886,6
Gross profit, mln rubles	4 493,5
Net profit, mln rubles	1 305,2
Profitability, %	13,9

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010****: WGC-1

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 68 820 million rubles (incl. investments without commissioning - RUB 7 225 million)</i>				
Verkhnetagilsk SDPP (PU 12)	Ural	330	coal	2010
Kashira SDPP (PU 3)	Center	330	coal	2008
Nizhnevartovsk SDPP (PU 3)	Ural	800	gas	2010
Nizhnevartovsk SDPP (PU 4)	Ural	800	gas	2012
Perm SDPP (PU 4)	Ural	800	gas	2010
<i>Promising projects for program expansion (not included in the core investment program)</i>				
Irikliino SDPP (PU 9)	Ural	400	gas	2010

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the Company's participation in WGC	24.12.2004	Approved participation of RAO UES of Russia in "The First Generation Company of the Wholesale Power Market".
State registration of WGC	23.03.2005	Registered in Tyumen city. – decided to reorganize the company by means of a merger with corresponding AO-power plants;
EGM of shareholders of WGC on the increase of the company's authorized capital by means of placing additional shares <i>(additional shares will be paid for in shares of AO-power plants included in WGC configuration)</i>	23.12.2005	– approved merger agreements and conversion ratios for converting WGC shares to those of AO-power plants; – approved the purchase of additional shares issued by Nevinomyssk SDPP by RAO UES of Russia with payment for them in RAO UES-owned shares of Kashira SDPP-4.
EGMs of shareholders of AO-power plants on reorganization in terms of a merger with and into WGC	28.02.2006	Perm SDPP, Kashira SDPP-4, Irikliino SDPP, Nizhnevartovsk SDPP and Urengoy SDPP decided to reorganize in terms of a merger with and into WGC-1 and approved merger agreements.
Completion of merger	29.09.2006	Establishment of the company was completed, entry was made in the Uniform State Register of Legal Entities that Perm SDPP, Kashira SDPP-4, Irikliino SDPP, Nizhnevartovsk SDPP and Urengoy SDPP ceased operation due to their merger with and into WGC-1.
Admission of shares to the stock market	29.11.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off WGC Holding Companies and merging them into the corresponding WGCs	26.10.2007	Decision adopted to spin-off WGC-1 Holding Company from RAO "UES of Russia".
EGM of Shareholders of WGC on reorganization in terms of a merger with WGC Holding to be spun off from RAO UES of Russia	23.11.2007	Decision made to reorganize WGC-1 by means of merging WGC-1 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of WGC-1 Holding Company and the spin-off of target company WGC-1 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY

"THE SECOND GENERATION COMPANY OF THE WHOLESALE POWER MARKET" (WGC-2)



OGK 2
вторая генерирующая
компания оптового
рынка электроэнергии

117393, Russia, Moscow,
Profsoyuznaya street, 56
(6th floor)

Tel: (495) 981-30-39
Fax: (495) 981-34-82
E-mail: office@ogk2.ru
Web: www.ogk2.ru

WGC-2 was established on March 9, 2005. The company includes:

- Pskov SDPP (Pskov region)
- Serov SDPP (Sverdlovsk region)
- Stavropol SDPP (Stavropol territory)
- Surgut SDPP-1 (Khanty-Mansi Autonomous Area)
- Troitsk SDPP (Chelyabinsk region)

Director General – Kuzichev Mikhail Vasilyevich

Chairman of the Board of Directors – Lisiansky Mikhail Eduardovich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	32 732 921 913
par value of 1 share, rub.	0,3627

The share of RAO UES of Russia in the authorized capital, %**

65,53

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	8 695,0
Installed heat capacity, thousand Gcal/hour	1,8
Amount of power produced, mln kWh	35 119,4
Capacity utilization rate, %	61,65
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	24 215,4
Production costs, mln rubles	23 324,1
Gross profit, mln rubles	891,3
Net profit, mln rubles	343,9
Profitability, %	3,7

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: WGC-2**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 75 039 million rubles (incl. investments without commissioning - RUB 7 007 mln)</i>				
Stavropol SDPP (PU 9)	South	400	gas	2010
Stavropol SDPP (PU 10)	South	400	gas	2012
Troitsk SDPP (PU 10)	Ural	660	coal	2010
Troitsk SDPP (PU 11)	Ural	660	coal	2011
<i>Promising projects for program expansion (not included in the core investment program)</i>				
Pskov SDPP (PU 3)	North-West	330	coal	2010

* Source: Website of the company.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the Company's participation in WGC	24.12.2004	Approved participation of RAO UES of Russia in "The Second Generation Company of the Wholesale Power Market".
State registration of WGC	09.03.2005	Registered in Solnechnodolsk settlement, Stavropol region.
EGM of shareholders of WGC on the increase of the company's authorized capital by means of placing additional shares <i>(additional shares will be paid for in shares of AO-power plants included in WGC configuration)</i>	25.11.2005	– decided to reorganize the company in terms of a merger with corresponding AO-power plants; – approved merger agreements and conversion ratios for converting WGC shares to those of AO-power plants.
EGMs of shareholders of AO-power plants on reorganization in terms of a merger with and into WGC	28.02.2006	Pskov SDPP, Stavropol SDPP, Troitsk SDPP, Serov SDPP, and Surgut SDPP-1 decided to reorganize the companies in terms of a merger with and into WGC-2 and approved merger agreements.
Completion of merger	29.09.2006	Establishment of the company was completed, entry was made in the Uniform State Register of Legal Entities that Pskov SDPP, Stavropol SDPP, Troitsk SDPP, Serov SDPP, and Surgut SDPP-1 ceased operation due to their merger with and into WGC-2.
Admission of shares to the stock market	17.07.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET – REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off WGC Holding Companies and merging them into the corresponding WGCs	26.10.2007	Decision adopted to spin-off WGC-2 Holding Company from RAO "UES of Russia".
EGM of Shareholders of WGC on reorganization in terms of a merger with WGC Holding to be spun off from RAO UES of Russia	30.10.2007	Decision made to reorganize WGC-2 by means of merging WGC-2 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of WGC-2 Holding Company and the spin-off of target company WGC-2 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY

"THE THIRD GENERATION COMPANY OF THE WHOLESALE POWER MARKET" (WGC-3)



WGC-3 was established on November 23, 2004. The company includes:

- **Kostroma SDPP** (Kostroma region)
- **Cherepetsk SDPP** (Tula region)
- **Pechora SDPP** (Komi Republic)
- **Yuzhnouralsk SDPP** (Chelyabinsk region)
- **Kharanorsk SDPP** (Chita region)
- **Gusinoozersk SDPP** (Republic of Buryatia)

Director General – Sablukov Yuri Stepanovich

Chairman of the Board of Directors – Bugrov Andrey Yevgenievich

121596, Russia, Moscow,
Mozhayskoe highway, 165

Tel: (495) 380-02-05
Fax: (495) 380-02-06
E-mail: secretary@ogk3.ru
Web: www.ogk3.ru

Registrar – Closed joint-stock company "Status"

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	47 487 999 252
par value of 1 share, rub.	1

The share of RAO UES of Russia in the authorized capital, %** **26,02**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	н/д
Installed heat capacity, thousand Gcal/hour	н/д
Amount of power produced, mln kWh	н/д
Capacity utilization rate, %	н/д
Fuel type	н/д

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	н/д
Production costs, mln rubles	н/д
Gross profit, mln rubles	н/д
Net profit, mln rubles	н/д
Profitability, %	н/д

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: WGC-3**

Power plant	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 76 107 million rubles (incl. investments without commissioning - RUB 6 038 mln)</i>				
Kharanorsk SDPP	Siberia	225	coal	2010
Kostroma SDPP****	Center	800	gas	2010
Kostroma SDPP****	Center	800	gas	2012
Cherepetsk SDPP	Center	225	coal	2010
Cherepetsk SDPP	Center	225	coal	2010
Yuzhnouralsk SDPP	Ural	225	coal	2010
Yuzhnouralsk SDPP	Ural	225	coal	2012
<i>Promising projects for program expansion (not included in the core investment program)</i>				
Gusinoozersk SDPP	Siberia	330	coal	2011

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.

***** Information on equipment configuration is being updated.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the Company's participation in WGC	01.10.2004	Approved participation of RAO UES of Russia in "The Third Generation Company of the Wholesale Power Market".
State registration of WGC	23.11.2004	Registered in Republic of Buryatia, Ulan-Ude.
EGM of shareholders of WGC on the increase of the company's authorized capital by means of placing additional shares <i>(additional shares will be paid for in shares of AO-power plants included in WGC configuration)</i>	30.09.2005	– decided to reorganize the company in terms of a merger with corresponding AO-power plants; – approved merger agreements and conversion ratios for converting WGC shares to those of AO-power plants.
EGMs of shareholders of AO-power plants on reorganization in terms of a merger with and into WGC	22.11.2005	Kostroma SDPP, Pechora SDPP, Gusinoozersk SDPP, Kharanorsk SDPP, Cherepetsk SDPP, and Yuzhnouralsk SDPP decided to reorganize the companies in terms of a merger with and into WGC-3 and approved merger agreements.
Completion of merger	01.04.2006	Establishment of the company was completed, entry was made in the Uniform State Register of Legal Entities that Kostroma SDPP, Pechora SDPP, Gusinoozersk SDPP, Kharanorsk SDPP, Cherepetsk SDPP, and Yuzhnouralsk SDPP ceased operation due to their merger with and into WGC-3.
Admission of shares to the stock market	06.02.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

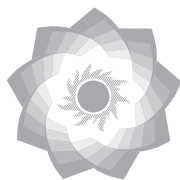
TARGET – REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off WGC Holding Companies and merging them into the corresponding WGCs	26.10.2007	Decision adopted to spin-off WGC-3 Holding Company from RAO "UES of Russia".
EGM of Shareholders of WGC on reorganization in terms of a merger with WGC Holding to be spun off from RAO UES of Russia	30.11.2007	Decision made to reorganize WGC-3 by means of merging WGC-3 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of WGC-3 Holding Company and the spin-off of target company WGC-3 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY

"THE FORTH GENERATION COMPANY OF THE WHOLESALE POWER MARKET" (WGC-4)



ОЖК-4
открытое акционерное общество
 Четвертая
 генерирующая
 компания
 оптового рынка
 электроэнергии

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 bld. 4

Tel: (495) 411-50-55

Fax: (495) 411-87-60

E-mail: ogk@ogk-4.ru

Web: www.ogk-4.ru

WGC-4 was established on March 4, 2005. The company includes:

- Surgut SDPP-2 (Khanty-Mansi Autonomous Area)
- Berezovsk SDPP-1 (Krasnoyarsk region)
- Shatura SDPP-5 (Moscow region)
- Smolensk SDPP (Smolensk region)
- Yayva SDPP (Perm region)

Director General – Kitashev Andrey Vladimirovich

Chairman of the Board of Directors – Feldman Lutz

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
number of shares full/fractional	63 017 115 839 / 44 925 042 874
par value of 1 share, rub.	0,4

The share of RAO UES of Russia in the authorized capital, %** **28,85**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	8 630,0
Installed heat capacity, thousand Gcal/hour	2,2
Amount of power produced, mln kWh	38 307,2
Capacity utilization rate, %	67,75
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	22 765,7
Production costs, mln rubles	20 692,6
Gross profit, mln rubles	2 073,1
Net profit, mln rubles	1 367,0
Profitability, %	9,1

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010****: WGC-4

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 79 811 million rubles (incl. investments without commissioning - RUB 4 734 mln)</i>				
Berezovsk SDPP-1 (PU 3)	Siberia	750	coal	2009
Berezovsk SDPP-1 (PU 4)	Siberia	750	coal	2011
Surgut SDPP-2 (PU 7)	Ural	400	gas	2009
Surgut SDPP-2 (PU 8)	Ural	400	gas	2009
Shatura SDPP (PU 7)	Center	400	gas	2009
Yayva SDPP (PU 5)	Ural	400	gas	2010
<i>Promising projects for program expansion (not included in the core investment program)</i>				
Smolensk SDPP (PU 4)	Center	330	coal	2010

* Source: Website of the company.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the Company's participation in WGC	26.11.2004	Approved participation of RAO UES of Russia in "The Fourth Generation Company of the Wholesale Power Market".
State registration of WGC	04.03.2004	Registered in Surgut, Khanty-Mansi Autonomous Area – Yugra
EGM of shareholders of WGC on the increase of the company's authorized capital by means of placing additional shares <i>(additional shares will be paid for in shares of AO-power plants included in WGC configuration)</i>	23.12.2005	– decided to reorganize the company in terms of a merger with corresponding AO-power plants; – approved merger agreements and conversion ratios for converting WGC shares to those of AO-power plants.
EGMs of shareholders of AO-power plants on reorganization in terms of a merger with and into WGC	28.02.2006	Berezovsk SDPP, Smolensk SDPP, Shatura SDPP-5, Yayva SDPP, and Surgut SDPP-2 (under the competence of the RAO UES Management Board) decided to reorganize the companies in terms of a merger with and into WGC-4 and approved merger agreements.
Completion of merger	01.07.2006	Establishment of the company was completed, entry was made in the Uniform State Register of Legal Entities that Berezovsk SDPP, Smolensk SDPP, Shatura SDPP-5, Yayva SDPP, and Surgut SDPP-2 ceased operation due to their merger with and into WGC-4.
Admission of shares to the stock market	14.07.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET – REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off WGC Holding Companies and merging them into the corresponding WGCs	26.10.2007	Decision adopted to spin-off WGC-4 Holding Company from RAO "UES of Russia".
EGM of Shareholders of WGC on reorganization in terms of a merger with WGC Holding to be spun off from RAO UES of Russia	05.10.2007	Decision made to reorganize WGC-4 by means of merging WGC-4 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of WGC-4 Holding Company and the spin-off of target company WGC-4 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY

"THE FIFTH GENERATION COMPANY OF THE WHOLESALE POWER MARKET" (WGC-5)

FIRST STAGE OF RAO "UES OF RUSSIA" REORGANIZATION COMPLETED ON SEPTEMBER 3, 2007 — WGC-5 AND TGC-5 SPUN OFF FROM RAO "UES OF RUSSIA".

WGC-5 Holding was spun off from RAO "UES of Russia", RAO "UES of Russia"-owned WGC-5 shares were transferred to the company's balance with the simultaneous adjunction of the spin-off to WGC-5.

As a result of the reorganization RAO "UES of Russia" shareholders received WGC-5 shares in addition to those of RAO "UES of Russia".

WGC-5 share placement was implemented by means of distributing shares among RAO "UES of Russia" shareholders in the following manner (round off taken into account):

- For each RAO "UES of Russia" common share shareholders received 0.41 WGC-5 common shares
- For each RAO "UES of Russia" privileged share shareholders received 0.37 WGC-5 common shares



WGC-5 was established on October 27, 2004. The company includes:

- **Nevinomyssk SDPP** (Stavropol region)
- **Reftino SDPP** (Sverdlovsk region)
- **Sredneuralsk SDPP** (Sverdlovsk region)
- **Konakovo SDPP** (Tver region)

Director General – Bushin Anatoli Vladimirovich

Chairman of the Board of Directors – Orudzhev Eldar Valeryevich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

119136, Russia, Moscow,
4th Setunsky proezd, 10A,
bld. 2

Tel: (495) 380-02-32
Fax: (495) 380-02-39
E-mail: office@ogk-5.com
Web: www.ogk-5.com

Authorized capital*

ordinary shares, %	100
total number of shares	35 371 898 370
par value of 1 share, rub.	1

The share of RAO UES of Russia in the authorized capital, %**

0

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	н/д
Installed heat capacity, thousand Gcal/hour	н/д
Amount of power produced, mln kWh	н/д
Capacity utilization rate, %	н/д
Fuel type	н/д

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	21 792,11
Production costs, mln rubles	19 236,10
Gross profit, mln rubles	2 556,01
Net profit, mln rubles	1 342,60
Profitability, %	11,7

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.



RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010*: WGC-5

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 57 260 million rubles (incl. investments without commissioning - RUB 18 377 mln)</i>				
Nevinomyssk SDPP (PU 12)**	South	400	gas	2010
Sredneuralsk SDPP (PU 12)**	Ural	410	gas	2009
Sredneuralsk SDPP (PU 13)**	Ural	450	gas	2012
CCGT – Mozhaisk**	Center	400	gas	2011
Konakovo SDPP (PU 9)	Center	800	gas	2010
<i>Promising projects for program expansion (not included in the core investment program)</i>				
Reftino SDPP (PU 11)	Ural	660	coal	2012

KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the Company's participation in WGC	03.09.2004	Approved participation of RAO UES of Russia in "The Fifth Generation Company of the Wholesale Power Market".
State registration of WGC	27.10.2004	Registered in Ekaterinburg, Sverdlovsk region.
EGM of shareholders of WGC on the increase of the company's authorized capital by means of placing additional shares <i>(additional shares will be paid for in shares of AO-power plants included in WGC configuration)</i>	18.11.2005	Decided to reorganize the company in terms of a merger with Konakovo SDPP and Nevinomyssk SDPP and approved merger agreements.
EGMs of shareholders of AO-power plants on reorganization in terms of a merger with and into WGC	22.11.2005	Konakovo SDPP and Nevinomyssk SDPP decided to reorganize the companies in terms of a merger with and into WGC-5 and approved merger agreements.
Completion of merger	01.04.2006	Establishment of the company was completed, entry was made in the Uniform State Register of Legal Entities that Konakovo SDPP, Nevinomyssk SDPP, Reftino SDPP (Sverdlovsk region), and Sredneuralsk SDPP ceased operation due to their merger with and into WGC-5.
Admission of shares to the stock market	14.09.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off WGC Holding Companies and merging them into the corresponding WGCs	06.12.2006	Decision adopted to spin-off WGC-5 Holding Company from RAO "UES of Russia".
EGM of Shareholders of WGC on reorganization in terms of a merger with WGC Holding to be spun off from RAO UES of Russia	01.06.2007	Decision made to reorganize WGC-5 by means of merging WGC-5 Holding Company into it.
Completion of merger	03.09.2007	Entry made to the USRLE on the cessation of activities of WGC-5 Holding Company. Spin-off of target company WGC-5 from RAO "UES of Russia".

* *Approved by the RAO UES Management Board on January 29, 2007.*** *Information on equipment configuration is being updated.*

OPEN JOINT-STOCK COMPANY

"THE SIXTH GENERATION COMPANY OF THE WHOLESALE POWER MARKET" (WGC-6)



WGC-6 was established on March 17, 2005. The company includes:

- **Novocherkassk SDPP** (Rostov region)
- **Kirishi SDPP** (Leningrad region)
- **Ryazan SDPP** (Ryazan region)
- **Krasnoyarsk SDPP-2** (Krasnoyarsk territory)
- **SDPP-24** (Ryazan region)
- **Cherepovetsk SDPP** (Vologda region)

115162, Russia, Moscow,
Mytnaya street, 21

Director General – Sanko Valentin Mikhailovich
Chairman of the Board of Directors – Melnikov Dmitry Alexandrovich

Tel: (495) 380-04-10
Fax: (495) 380-04-48
E-mail: office@ogk6.ru
Web: www.ogk6.ru

Registrar – Moscow Central Depository
Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	26 731 061 492
par value of 1 share, rub.	0,48

The share of RAO UES of Russia in the authorized capital, %** **77,45**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	9 052,0
Installed heat capacity, thousand Gcal/hour	2,5
Amount of power produced, mln kWh	23 407,3
Capacity utilization rate, %	39,4
Fuel type	Gas, coal

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	25 583,81
Production costs, mln rubles	22 558,67
Gross profit, mln rubles	3 025,14
Net profit, mln rubles	1 757,62
Profitability, %	11,8

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: WGC-6**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 49 089 million rubles (incl. investments without commissioning - RUB 11 484 mln)</i>				
SDPP-24	Center	420	gas	2009
Kirishi SDPP	North-West	800	gas	2010
Novocherkassk SDPP	South	330	coal	2010
Cherepovetsk SDPP (PU 4)	Center	330	coal	2010
<i>Promising projects for program expansion (not included in the core investment program)</i>				
Ryazan SDPP (PU 7)	Center	330	coal	2010

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Installed capacity (electricity and heat) – period average.

**** Information on equipment configuration is being updated.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the Company's participation in WGC	24.12.2004	Approved participation of RAO UES of Russia in "The Sixth Generation Company of the Wholesale Power Market".
State registration of WGC	17.03.2005	Registered in Rostov-on-Don.
EGM of shareholders of WGC on the increase of the company's authorized capital by means of placing additional shares <i>(additional shares will be paid for in shares of AO-power plants included in WGC configuration)</i>	23.12.2005	– decided to reorganize the company in terms of a merger with corresponding AO-power plants; – approved merger agreements and conversion ratios for converting WGC shares to those of AO-power plants.
EGMs of shareholders of AO-power plants on reorganization in terms of a merger with and into WGC	17.03.2006	Kirishi SDPP, Krasnoyarsk SDPP, Novocherkassk SDPP, Ryazan SDPP, SDPP-24, and Cherepovetsk SDPP decided to reorganize the companies in terms of a merger with and into WGC-6 and approved merger agreements.
Completion of merger	29.09.2006	Establishment of the company was completed, entry was made in the Uniform State Register of Legal Entities that Kirishi SDPP, Krasnoyarsk SDPP, Novocherkassk SDPP, Ryazan SDPP, SDPP-24, and Cherepovetsk SDPP ceased operation due to their merger with and into WGC-6.
Admission of shares to the stock market	04.08.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET – REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off WGC Holding Companies and merging them into the corresponding WGCs	26.10.2007	Decision adopted to spin-off WGC-6 Holding Company from RAO "UES of Russia".
EGM of Shareholders of WGC on reorganization in terms of a merger with WGC Holding to be spun off from RAO UES of Russia	09.11.2007	Decision made to reorganize WGC-6 by means of merging WGC-6 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of WGC-6 Holding Company and the spin-off of target company WGC-6 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY "THE FEDERAL HYDROGENERATION COMPANY" (HYDROWGC)



119526, Russia, Moscow,
Prospect Vernadskogo, 8a

Tel: (495) 540-30-12
Fax: (495) 540-30-14
E-mail: office@gidroogk.ru
Web: www.gidroogk.ru

HydroWGC was established on December 26, 2004. HydroWGC includes 49 national hydroelectric power plants and is the largest generation company in Russia (in terms of installed capacity).

Affiliates of HydroWGC:

- **Bureya HEPP affiliate** (Amur Region)
- **Volga HEPP affiliate** (Volgograd Region)
- **Votkinsk HEPP affiliate** (Perm Region)
- **Dagestan affiliate** (Republic of Dagestan)
- **Zhigulyovsk HEPP affiliate** (Samara Region)
- **Zagorsk HNEPP affiliate** (Moscow Region)
- **Zeyskaya HEPP affiliate** (Amur Region)
- **Kabardino-Balkaria HEPP affiliate** (Republic of Kabardino-Balkaria)
- **Kama HEPP affiliate** (Perm)
- **Karachay-Cherkessia affiliate** (Republic of Karachay-Cherkessia)
- **Cascade of Upper-Volga HEPPs affiliate** (Yaroslavl Region)
- **Cascade of Kuban HEPPs affiliate** (Stavropol Region)
- **Corporate University of Hydro Energy affiliate** (Moscow)
- **Nizhniy Novgorod HEPP affiliate** (Nizhni Novgorod Region)
- **Novosibirsk HEPP** (Novosibirsk)
- **Saratov HEPP affiliate** (Saratov Region)
- **Sayano-Shushenskaya HEPP named after P.S. Neporozhniy affiliate** (Khakass Republic)
- **North-Ossetia affiliate** (republic of North-Ossetia – Alania)
- **Cheboksary HEPP affiliate** (Chuvash Republic)

Director General – Siniugin Vyacheslav Yuryevich

Chairman of the Board of Directors – Khristenko Viktor Borisovich

Registrar – Moscow Central Depository

Auditor – ZAO PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	156 864 373 776
par value of 1 share, rub.	1

The share of RAO UES of Russia in the authorized capital, %** **96,16**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	21 683
Amount of power produced, bln. kWh	21 133
Capacity utilization rate, %	

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	7 222
Production costs, mln rubles	4 423
Gross profit, mln rubles	2 799
Net profit, mln rubles	1 720
Profitability, %	23,8

* Source: Website of the company.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of quarter 1, 2007, throughout the Holding.



RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010*: HYDROWGC

Facilities	Subject of the Russian Federation	River, gulf	Capacities to be commissioned by 2010, MW	Designed installed capacity, MW
<i>The amount of 2006-2010 investment program: 329 871 million rubles</i>				
UES of Center				
Zagorsk HEPSPP-2	Moscow region	Kunya	420	840
UES of North-West				
Kola Tidal Power Plants	Murmansk region		12	380
Mezenskaya Tidal Power Plant + Malaya Mezenskaya Tidal PP	Arkhangelsk region	Mezen gulf	2	8 000
UES of South				
Zaramagsk HEPPs	Rep. of North Ossetia -Alaniya	Ardon	352	352
Zelenchuki HEPP-HEPSPP	Rep. of Karachaevo-Cherkessia	Aksaut	140	140
Verkhne-Krasnogorskaya HEPP	Rep. of Karachaevo-Cherkessia	Kuban	90	90
Nizhnechereksk Cascade of HEPPs	Rep. of Kabardino-Balkaria	Cherek	65	129
Chiryurtskaya HEPP-3	Rep. of Dagestan	Sulak	44	44
Gotsatlinskaya HEPP	Rep. of Dagestan	Avarskoe Koisu	100	100
Sochinskie HEPPs	Krasnodar territory	Mzymta	113	228
UES of Siberia				
Boguchanskaya HEPP	Krasnoyarsk territory	Angara	2 000	3 000
UES of the Far East				
Byreiskaya HEPP	Amur region	Bureya	1 002	2 000
Nizhne-Bureiskaya HEPP	Amur region	Bureya	108	324
Small HEPPs			302	
Wind power			20	
TOTAL			4 769	15 627

KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of the company	24.12.2004	Decided to establish Federal Hydrogeneration Company and approved conditions of contributing shares of the following companies as payment for the authorized capital of HydroWGC: Volzhskaya HEPP, Zhigulevska HEPP, Votkinsk HEPP, Neporozhny Sayano-Shushensk HEPP, Zeya HEPP, Boguchansk HEPP, Bureya HEPP, Zaramagsk HEPPs, Zelenchuki HEPPs, KabbalkHEPP, Sulakenergo, Nizhni Novgorod HEPP, Saratov HEPP, Kama HEPP, Upper Volga Cascade of HEPPs, Volga Hydroelectric Cascade Management Company (renamed MC HydroWGC) and cash assets.
State registration of HydroWGC	26.12.2004	Registered in Krasnoyarsk, Krasnoyarsk region.

* Approved by the RAO UES Management Board on January 29, 2007.



CREATION OF HYDROWGC HOLDING COMPANY

		Decided to place additional shares issued by HydroWGC with payment for them in shares of Cheboksari HEPP, Dagestan Regional Generation Company, Zagorsk HEPSP, Stavropol Electricity Generation Company, Zaramagsk HEPPs, Zelenchuki HEPPs, Scientific Research Institute of Energy Structures (NIES), the B.E. Vedeneev all-Russian Research Institute of Hydraulic Engineering (VNIIG), property of Novosibirsk HEPP, and movable and immovable property of RAO UES of Russia used by hydroelectric power plants for producing electric power and supporting their current activities.
EGM of shareholders of HydroWGC on the increase of the company's authorized capital by means of placing additional shares	1st issue of add. shares 28.10.2005	
<i>(additional shares will be paid for in shares of AO-power plants included in HydroWGC configuration)</i>	2nd issue of add. shares 25.05.2007	Decided to increase HydroWGC authorized capital by placing additional shares issued by the company at the cost of 110 bln rubles. The shares shall be privately offered to RAO UES of Russia and the Russian Federation.

CONSOLIDATION OF HYDROWGC

The Board of Directors of RAO UES of Russia	27.07.2007	Essential conditions for the reorganization of HydroWGC and its 22 subsidiaries approved.
EGMs of HydroWGC subsidiaries to address reorganization in the form of a merger	16.10.2007	– decisions made on the reorganization of the companies by means of a merger with HydroWGC; – merger agreements approved, coefficients for the conversion of shares of subsidiaries into HydroWGC shares set.
Completion of measures related to the merger	15.06.2008	Completion of HydroWGC target structure formation, entries in the Uniform State Register of Legal Entities that 22 HydroWGC subsidiaries ceased operations.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off WGC Holding Companies and merging them into the corresponding WGCs	26.10.2007	Decision adopted to spin-off HydroWGC State Holding Company and HydroWGC Minority Holding Company from RAO "UES of Russia".
EGM of Shareholders of WGC on reorganization in terms of a merger with WGC Holding to be spun off from RAO UES of Russia	12.10.2007	Decision made to reorganize HydroWGC by means of merging HydroWGC State Holding Company and HydroWGC Minority Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of HydroWGC State Holding Company and HydroWGC Minority Holding Company and the spin-off of target company HydroWGC from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY
"TERRITORIAL GENERATION COMPANY №1" (TGC-1)



191186, Russia, St.
 Petersburg, Marsovo field, 1

Tel: (812) 494-36-06
 (812) 494-31-22
 (812) 494-30-18
 Fax: (812) 494-34-77
 E-mail: office@tgc1.ru
 Web: www.tgc-1.ru

TGC-1 was established on March 25, 2005. The company includes:

■ **Nevsky Branch:**

Tsentralnaya CHPP (St. Petersburg)
 Pravoberezhnaya CHPP-5 (St. Petersburg)
 Vasileostrovskaya CHPP-7 (St. Petersburg)
 Pervomaiskaya CHPP-14 (St. Petersburg)
 Severnaya CHPP-21 (St. Petersburg)
 Yuzhnaya CHPP-22 (St. Petersburg)
 Avtovskaya CHPP-15 (St. Petersburg)
 Vyborgskaya CHPP-17 (St. Petersburg)
 Dubrovskaya CHPP-8 (Leningrad region)
 Volkhovskaya HEPP (Leningrad region)
 Narvskaya HEPP (Leningrad region)
 Vuoksinsk Cascade of HEPPs (Leningrad region)
 Svirsk Cascade of HEPPs (Leningrad region)

■ **Karelsky Branch** (Republic of Karelia):

Petrozavodskaya CHPP
 Vygsky Cascade of HEPPs
 Kemsky Cascade of HEPPs
 Sunsky Cascade of HEPPs
 Group of small HEPPs
 Diesel PP

■ **Kolsky Branch** (Murmansk region):

Nivsky Cascade of HEPPs
 Tulomsky Cascade of HEPPs
 Pazsky Cascade of HEPPs
 Serebryansky Cascade of HEPPs
 Apatitskaya CHPP
 Murmanskaya CHPP

Director General – Rodin Valeriy Nikolaevich

Chairman of the Board of Directors – Chikunov Aleksandr Vasilyevich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	3 850 959 750 205 317
par value of 1 share, rub.	0,01

The share of RAO UES of Russia in the authorized capital, %** **13,27**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	6 236,4
Installed heat capacity, thousand Gcal/hour	13,6
Amount of power produced, mln kWh	18 889,2
Capacity utilization rate, %	46,1
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	18 015,63
Production costs, mln rubles	17 813,80
Gross profit, mln rubles	201,83
Net profit, mln rubles	-716,64
Profitability, %	1,1

* Source: Website of the company.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007 (excluding small CHPPs). Installed capacity (electricity and heat) – period average.



RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010*: TGC-1

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 104 220 million rubles (incl. investments without commissioning - RUB 32 475 mln)</i>				
Pervomaiskaya CHPP (PU 1)	North-West	180	gas	2009
Pervomaiskaya CHPP (PU 2)	North-West	180	gas	2010
CHPP-15	North-West	30	gas/fuel oil	2007
CHPP-5 (PU 2)**	North-West	400	gas	2010
CHPP-7	North-West	50	gas/fuel oil	2007
CHPP-7**	North-West	200	gas	2010
Central CHPP (PP-1) (PU 1,2)	North-West	18	gas/fuel oil	2008
Central CHPP (PP-1) (PU 3)	North-West	50	gas/fuel oil	2009
Central CHPP (PP-1) (PU 4)	North-West	50	gas/fuel oil	2010
Central CHPP (PP-2) (PU 1)	North-West	60	gas/fuel oil	2009
Central CHPP (PP-2) (PU 2)	North-West	60	gas/fuel oil	2010
Central CHPP (PP-2) (PU 3)	North-West	60	gas/fuel oil	2010
Central CHPP (PP-3) (PU 1)	North-West	5	gas/fuel oil	2009
Central CHPP (PP-3) (PU 2)	North-West	5	gas/fuel oil	2010
CHPP-21**	North-West	400	gas	2011
CHPP-22	North-West	450	gas	2009
Volkhovskaya HEPP-6 (PU 1)	North-West	12	hydraulic equipment	2007
Volkhovskaya HEPP-6 (PU 2)	North-West	12	hydraulic equipment	2007
Volkhovskaya HEPP-6 (PU 3)	North-West	12	hydraulic equipment	2008
Volkhovskaya HEPP-6 (PU 4)	North-West	12	hydraulic equipment	2009
Volkhovskaya HEPP-6(PU 5)	North-West	12	hydraulic equipment	2010
Lesogorskaya HEPP-10 (PU 1)	North-West	30	hydraulic equipment	2008
Lesogorskaya HEPP-10 (PU 2)	North-West	30	hydraulic equipment	2009
Lesogorskaya HEPP-10 (PU 3)	North-West	30	hydraulic equipment	2010
Lesogorskaya HEPP-10 (PU 4)	North-West	30	hydraulic equipment	2011
Niva HEPP-3	North-West	40	hydraulic equipment	2007
Nizhne-Svirskaya HEPP-9 (PU 3)	North-West	28	hydraulic equipment	2008
Nizhne-Svirskaya HEPP-9 (PU 4)	North-West	28	hydraulic equipment	2010
Svetogorskaya HEPP-11 (PU 1)	North-West	30	hydraulic equipment	2009
Svetogorskaya HEPP-11 (PU 2)	North-West	30	hydraulic equipment	2007
Svetogorskaya HEPP-11 (PU 3)	North-West	30	hydraulic equipment	2010
Svetogorskaya HEPP-11 (PU 4)	North-West	30	hydraulic equipment	2011
Khyamekoski HEPP (PU 2)	North-West	2	hydraulic equipment	2006
Khyamekoski HEPP (PU 3)	North-West	2	hydraulic equipment	2008

* Approved by the RAO UES Management Board on January 29, 2007.

** Information on equipment configuration is being updated.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	26.11.2004	Project for the establishment of TGC-1 by means of co-establishment using a mechanism of lease of Kolenergo, Lenenergo and Karelenenergo approved.
State registration of TGC	25.03.2005	Registered in St. Petersburg.
	1st stage 21.07.2006	TGC-1 and Petersburg Generation Company, Kola Generation Company, and Apatity CHPP included in the configuration of TGC-1 decided to reorganize the companies in terms of a merger with and into TGC-1 and approved merger agreements.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage 21.07.2006	TGC-1 decided to place additional shares with payment for them in shares of Murmansk CHPP.
	1st stage 01.11.2006	The 1st stage of TGC-1 formation was completed (excluding generation assets of Murmansk CHPP). Entry was made in the Uniform State Register of Legal Entities that Karelenenergogeneration, Petersburg Generation Company, Kola Generation Company, and Apatity CHPP ceased operations because of their merger with and into TGC-1.
Target structure (completion of merger/holding)	2nd stage 30.05.2007	2nd stage of target structure formation of TGC-1 completed. Murmansk HPP shares used as payment for additional shares issued by TGC-1.
Admission of securities to the stock market	27.12.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-1 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	29.10.2007	Decision made to reorganize TGC-1 by means of merging TGC-1 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of TGC-1 Holding Company and the spin-off of target company TGC-1 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY
"TERRITORIAL GENERATION COMPANY №2" (TGC-2)



150049, Russia, Yaroslavl,
 ulitsa Rybinskaya, 20

Tel: (4852) 72-12-60
 Fax: (4852) 32-00-05
 E-mail: energy@tgc-2.ru
 Web: www.tgc-2.ru

TGC-2 was established on April 19, 2005. The company includes:

■ **Arkhangelsk Central Administrative**

Board:

Arkhangelsk CHPP
 Severodvinsk CHPP-1
 Severodvinsk CHPP-2
 Arkhangelsk Heat Network Branch
 Severodvinsk Heat Network Branch

■ **Arkhangelsk Central Administrative**

Board:

Vologda CHPP
 Mini-CPP "The Belyi Ruchey" (*Depot settlement, Vytegorsk area*)

■ **Kostroma Central Administrative**

Board:

Kostroma CHPP-1
 Kostroma CHPP-2
 Sharya CHPP

■ **Novgorod Central Administrative**

Board:

Novgorod CHPP

■ **Tver Central Administrative**

Board:

Tver CHPP-1
 Tver CHPP-3
 Tver CHPP-4
 Vishne-Volotsk CHPP
 Kamensk Industrial Boiler House
 Tver Heat Network Branch

■ **Yaroslavl Central Administrative:**

Board:

Yaroslavl CHPP-1
 Yaroslavl CHPP-2
 Yaroslavl CHPP-3
 Yaroslavl Heat Network Branch

Director General – Vagner Andrei Aleksandrovich

Chairman of the Board of Directors – Melnikov Dmitriy Alexandrovich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	98,5	preference shares, %	1,5
number of shares	1 095 996 358 137	number of shares	16 500 533 681
par value of 1 share, rub.	0,01	par value of 1 share, rub.	0,01

The share of RAO UES of Russia in the authorized capital, %** **50,10**

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".



PRODUCTION CHARACTERISTICS*		FINANCIAL AND ECONOMIC INDICATORS*	
Installed capacity, MW	2 076,0	Revenues from sales, mln rubles	9 941,25
Installed heat capacity, thousand Gcal/hour	11,0	Production costs, mln rubles	10 072,35
Amount of power produced, mln kWh	5 382,0	Gross profit, mln rubles	-131,10
Capacity utilization rate, %	39,5	Net profit, mln rubles	-183,54
Fuel type	Gas, fuel oil	Profitability, %	-1,3

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010: TGC-2**

Power plant (PU)	Capacity, MW	Fuel type	Year of commissioning
Vologda TPP			
<i>Construction of CCGT-95 as part of GTI V64.3+BI+ST-25-90</i>	95	gas	2010
Kostroma TPP-2			
<i>Expansion of GTP-160+BI for the existing ST-60-130/13</i>	160	gas	2009
Novgorod TPP			
<i>Expansion of GTP-160+BI for the existing ST-60-130/13 turbine</i>	160	gas	2009
<i>Reconstruction of turbine R-50-130/13 for the new T-60-130</i>	60	coal	2008
<i>Expansion by means of a turbine BT-120/140-130 to create a reserve of boiler capacity</i>	120	coal	2010
Tver TPP-3			
<i>Expansion of GTP-160+BI for the existing ST-60-130/13 turbine</i>	160	gas	2009
<i>Expansion by a T-115/125-130 turbine</i>	115	coal	2010
Yaroslavl TPP-2			
<i>Expansion with the replacement of turbines №1 and №2 for a Tp-115/125-130 turbine</i>	115	gas	2007
<i>Expansion GTP-160+BI for the existing ST-60-130/13 turbine</i>	160	gas	2010

* As of 9 months of 2007 (taking into account the merger of Arkhangelsk GC as of 03.05.2007). Installed capacity (electricity and heat) – period average.

** Approved by TGC-2 Board of Directors on 14.01.2008.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	25.02.2005	Approved TGC-2 establishment project.
State registration of TGC	19.04.2005	Registered in Yaroslavl. TGC-2 and Arkhangelsk Generation Company, Vologda CHPP, Novgorod Generation Company, and Tver Generation Company included in TGC-2 configuration decided to reorganize the companies in terms of a merger with TGC-2 and approved merger agreements.
	1st stage 27.02.2006	
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage 27.03.2006	TGC-2 and Kostroma Generation Company and Yaroslavl Power Company included in TGC-2 configuration decided to reorganize the companies in terms of a merger with and into TGC-2 and approved merger agreements.
	1st stage 01.07.2006	The 1st stage of TGC-2 formation was completed (excluding generation assets of Arkhangelsk Generation Company). Entries were made in the Uniform State Register of Legal Entities that Vologda CHPP, Kostroma Generation Company, Novgorod Generation Company, Tver Generation Company, and Yaroslavl Power Company ceased operations due to their merger with and into TGC-2.
Target structure (completion of merger/holding)	2nd stage 03.05.2007	II stage of TGC-2 target structure formation completed. Entry made to the URSLE on the cessation of activities of Arkhangelsk Generation Company as a result of a merger with TGC-2.
Admission of securities to the stock market	18.10.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-2 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	05.12.2007	Decision made to reorganize TGC-2 by means of merging TGC-2 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of TGC-2 Holding Company and the spin-off of target company TGC-2 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY "MOSENERGO" (TGC-3)



TGC-3 was established on April 1, 2005 upon Mosenergo unbundling by activity type. The company includes:

■ **Mosenergo** (Moscow, Moscow region).

Director General – Kopsov Anatoli Yakovlevich.

Chairman of the Board of Directors – Udaltsov Yuri Arkadyevich.

Registrar – Specialized Registrar REGISTER-SERVICE.

Auditor – PricewaterhouseCoopers Audit.

115035, Russia, Moscow,
Raushskaya naberezhnaya, 8

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Fax: (495) 957-15-80

E-mail:

press-centre@mosenergo.ru

Web: www.mosenergo.ru

Authorized capital*

ordinary shares, %	100
total number of shares	39 749 359 700
par value of 1 share, rub.	1

The share of RAO UES of Russia in the authorized capital, %** **15,01**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	10 643,8
Installed heat capacity, thousand Gcal/hour	34,1
Amount of power produced, mln kWh	44 764,6
Capacity utilization rate, %	64,0
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	53 164,13
Production costs, mln rubles	52 310,68
Gross profit, mln rubles	853,46
Net profit, mln rubles	-1 265,35
Profitability, %	1,6

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Installed capacity (electricity and heat) – period average.



RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010*: TGC-3

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 91 411 million rubles (incl. investments without commissioning - RUB 28 068 mln)</i>				
CHPP-9 Mosenergo	Center	65	gas/fuel oil	2008
CHPP-12 Mosenergo	Center	170	gas	2009
CHPP-12 Mosenergo	Center	100	gas/fuel oil	2007
CHPP-12 Mosenergo	Center	100	gas/fuel oil	2008
CHPP-20 Mosenergo (PU 10)	Center	250	gas	2010
CHPP-21 Mosenergo (PU 11)	Center	450	gas	2008
CHPP-23 Mosenergo (PU 2)	Center	110	gas/fuel oil	2008
CHPP-26 Mosenergo (PU 8)**	Center	400	gas	2009
CHPP-26 Mosenergo	Center	100	gas/fuel oil	2008
CHPP-26 Mosenergo	Center	100	gas/fuel oil	2009
CHPP-27 Mosenergo (PU 3)	Center	450	gas	2007
CHPP-27 Mosenergo (PU 4)	Center	450	gas	2009
CHPP-22 Mosenergo	Center	80	gas/fuel oil	2007
CHPP-22 Mosenergo	Center	80	gas/fuel oil	2008
CHPP-28 Mosenergo (PU 4)	Center	40	gas	2007
Pavlo-Posadskaya GTP CHPP (PU 1)	Center	8	gas	2007
Pavlo-Posadskaya GTP CHPP (PU 2)	Center	8	gas	2007

* Approved by the RAO UES Management Board on January 29, 2007.

** Information on equipment configuration is being updated.



OPEN JOINT-STOCK COMPANY "TERRITORIAL GENERATION COMPANY №4" (TGC-4)



300600, Russia,
Tulskaya oblast, Tula,
Timiryazeva street, 99

Tel: (4872) 32-77-59
Fax: (4872) 25-44-44
E-mail: kochetkov@tgk-4.ru
Web: www.tgk-4.ru

TGC-4 was established on April 20, 2005. The company includes:

- Belgorod Regional Generation (Belgorod region)
- Bryansk Regional Generation (Bryansk region)
- Voronezh Regional Generation (Voronezh region)
- Kaluga Regional Generation (Kaluga region)
- Kursk Regional Generation (Kursk region)
- Lipetsk Regional Generation (Lipetsk region)
- Orel Regional Generation (Orel region)
- Ryazan Regional Generation (Ryazan region)
- Smolensk Regional Generation (Smolensk region)
- Tula Regional Generation (Tula region)
- Tambov Regional Generation (Tambov region)

Director General – Kochetkov Gennadi Aleksandrovich

Chairman of the Board of Directors – Orudzhev Eldar Valerievich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	94,61	preference shares, %	5,39
number of shares	1 321 201 964 859	number of shares	75 272 938 838
par value of 1 share, rub.	0,01	par value of 1 share, rub.	0,01

The share of RAO UES of Russia in the authorized capital, %** **47,31**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	3 323,8
Installed heat capacity, thousand Gcal/hour	17,7
Amount of power produced, mln kWh	8 410,7
Capacity utilization rate, %	38,5
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	16 470,67
Production costs, mln rubles	15 934,66
Gross profit, mln rubles	536,01
Net profit, mln rubles	-71,90
Profitability, %	3,3

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Installed capacity (electricity and heat) – period average. Net cost includes administrative costs.



RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010*: TGC-4

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 45 403 million rubles (incl. investments without commissioning - RUB 7 920 mln)</i>				
Belgorod CHPP (PU 1)	Center	30	gas	2007
Belgorod CHPP (PU 2)	Center	30	gas	2007
Bryansk SDPP (PU 1)	Center	225	coal	2010
Novomoskovskaya SDPP	Center	225	coal	2010
Dyagilevskaya CHPP	Center	160	gas	2010
Yeletsкая CHPP (PU 5)	Center	20	gas	2007
Yeletsкая CHPP (PU 6)	Center	20	gas	2008
Yeletsкая CHPP (PU 7)	Center	12	gas	2008
Kaluga CHPP -1	Center	20	gas	2008
Gubkinskaya (PU 1,2)**	Center	340	coal	2010
Voronezh CHPP -2 (PU 1)	Center	20	gas	2008
Voronezh CHPP -2 (PU 2)	Center	20	gas	2009
Livenskaya CHPP (PU 1)	Center	20	gas	2009
Kursk CHPP -4 (PU 1)	Center	20	gas	2008
Kursk CHPP -4 (PU 2)	Center	20	gas	2009
Severozapadnaya Boiler House, Kursk (PU 1)	Center	40	gas	2008

* Approved by the RAO UES Management Board on January 29, 2007.

** Information on equipment configuration is being updated.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	25.02.2005	Approved TGC-4 establishment project.
State registration of TGC	20.04.2005	Registered in Tambov. TGC-4 and Lipetsk Generation Company, Tambov Generation Company decided to reorganize the companies in terms of a merger with and into TGC-4 and approved merger agreements.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	08.04.2006 21.07.2006	TGC-4 and Power and Heat Company (located in Belgorod) decided to reorganize the company in terms of a merger with and into TGC-4 and approved merger agreement.
Target structure (completion of merger/holding)	15.09.2006	The establishment of TGC-4 was completed. Entries were made in the Uniform State Register of Legal Entities that Bryansk Generation Company, Voronezh Generation Company, Kaluga Generation Company, Kursk Generation Company, Lipetsk Generation Company, Orel Generation Company, Ryazan Heating Supply Company, Smolensk Generation Company, Tambov Generation Company, Power and Heat Company, and Prioksk Territorial Generation Company ceased operations because of their merger with and into TGC-4.
Admission of securities to the stock market	28.11.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-4 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	29.10.2007	Decision made to reorganize TGC-4 by means of merging TGC-4 Holding Company into it. Entry to be made to the USRLE on the cessation of activities of TGC-4 Holding Company and the spin-off of target company TGC-4 from RAO "UES of Russia".
Completion of merger	30.06.2008	



OPEN JOINT-STOCK COMPANY "TERRITORIAL GENERATION COMPANY №5" (TGC-5)

FIRST STAGE OF RAO "UES OF RUSSIA" REORGANIZATION COMPLETED ON SEPTEMBER 3, 2007 — WGC-5 AND TGC-5 SPUN OFF FROM RAO "UES OF RUSSIA".

TGC-5 Holding was spun off from RAO "UES of Russia", RAO "UES of Russia"-owned TGC-5 shares were transferred to the company's balance with the simultaneous adjunction of the spin-off to TGC-5.

As a result of the reorganization RAO "UES of Russia" shareholders received TGC-5 shares in addition to those of RAO "UES of Russia".

TGC-5 share placement was implemented by means of distributing shares among RAO "UES of Russia" shareholders in the following manner (round off taken into account):

- For each RAO "UES of Russia" common share shareholders received 13.59 TGC-5 common shares
- For each RAO "UES of Russia" privileged share shareholders received 12.45 TGC-5 common shares



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Luganskaya street, 51

Tel: (8332) 57-44-01
Fax: (8332) 57-44-39
E-mail: secr@tgc5.ru
Web: www.tgc5.ru

TGC-5 was established on March 22, 2005. The company includes:

- **Kirov branch** (Kirov region):
 - Kirov CHPP-1
 - Kirov CHPP-3
 - Kirov CHPP-4
 - Kirov CHPP-5
- **Mari branch** (Republic of Mari El):
 - Ioshkar-Ola CHPP-2
- **Udmurtia branch** (Republic of Udmurtia):
 - Izhevsk CHPP-1
 - Izhevsk CHPP-2
 - Sarapulsk CHPP
- **Chuvashia branch** (Republic of Chuvashia):
 - Cheboksary CHPP-1
 - Cheboksary CHPP-2
 - Novocheboksarskaya CHPP-3

Director General – Smelov Edward Yurievich

Chairman of the Board of Directors – Lebedev Vladimir Albertovich

Перестраховщик – ZAO Reestr A-Plus

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	1 230 254 011 959
par value of 1 share, rub.	0,01

The share of RAO UES of Russia in the authorized capital, %** **0**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	н/д
Installed heat capacity, thousand Gcal/hour	н/д
Amount of power produced, mln kWh	н/д
Capacity utilization rate, %	н/д
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	8 717,14
Production costs, mln rubles	8 487,80
Gross profit, mln rubles	229,34
Net profit, mln rubles	176,64
Profitability, %	2,6

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.



RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010*: TGC-5

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 15 714 million rubles (incl. investments without commissioning - RUB 5 804 mln)</i>				
Izhevsk CHPP-1	Ural	150	gas	2009
Kirov CHPP-1	Ural	70	gas	2009
Kirov CHPP-3	Ural	140	gas	2009
Sarapulskaya CHPP-3	Ural	30	gas/fuel oil	2009

KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	24.12.2004	Approved TGC-5 establishment project.
State registration of TGC	22.03.2005	Registered in Cheboksary.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	05.12.2005	TGC-5 and Vyatka Electric Heating Company, Udmurtian Territorial Generation Company, Mari Regional Generation Company, and Chuvashi Generation Company decided to reorganize the companies in terms of a merger with and into TGC-5 and approved merger agreements.
Target structure (completion of merger/holding)	31.03.2006	TGC-5 was formed according to its target structure. Entry was made in the Uniform State Register of Legal Entities that Vyatka Electric Heating Company, Udmurtian Territorial Generation Company, Mari Regional Generation Company, and Chuvashi Generation Company ceased operation due to their merger with and into TGC-5.
Admission of securities to the stock market	17.07.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	06.12.2006	Decision adopted to spin-off TGC-5 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	19.04.2007	Decision made to reorganize TGC-5 by means of merging TGC-5 Holding Company into it.
Completion of merger	03.09.2007	Entry made to the USRLE on the cessation of activities of TGC-5 Holding Company. Spin-off of target company TGC-5 from RAO "UES of Russia".

* Approved by the RAO UES Management Board on January 29, 2007.



OPEN JOINT-STOCK COMPANY "TERRITORIAL GENERATION COMPANY №6" (TGC-6)



603950, Russia, GSP-62
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Gorkogo street, 117

Tel: (8312) 57-71-11
Fax: (8312) 57-71-27
E-mail: info@tgc6.ru
Web: www.tgc6.ru

TGC-6 was established on April 27, 2005. The company includes:

- **Vladimir affiliate** (Vladimir region):
Vladimir CHPP-1
Vladimir CHPP-2
Vladimir Trunk Power Grids
- **Ivanovo affiliate** (Ivanovo region):
CHPP-1 (Ivanovo)
CHPP-2 (Ivanovo)
CHPP-3 (Ivanovo suburbs)
- **Penza affiliate** (Penza region):
Penza CHPP-1
Penza CHPP-2
Arbekovo Boiler Plant
Kuznetskaya CHPP-3
- **Mordovia affiliate** (Republic of Mordovia):
Saransk CHPP-2
Alekseevsk CHPP-3
Central Boiler House
North-Western Boiler House
- **Nizhni Novgorod affiliate** (Nizhni Novgorod region):
Nizhni Novgorod SDPP (Balakhna)
Sormovskaya CHPP
Novogorkovskaya CHPP (Kstovo)
- **Dzerzhinsk affiliate** (Nizhni Novgorod region):
Dzerzhinsk TPP (Dzerzhinsk)
Igumnovskaya CHPP (Dzerzhinsk)

Director General – Privalov Vladimir Vitalyevich

Chairman of the Board of Directors – Avetisyan Vladimir Yevgenyevich

Registrar – Moscow Central Depository

Auditor – KPMG International

Authorized capital*

ordinary shares, %	100
total number of shares	1 289 500 236 067
par value of 1 share, rub.	0,01

The share of RAO UES of Russia in the authorized capital, %** **50,23**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	2 543,5
Installed heat capacity, thousand Gcal/hour	8,9
Amount of power produced, mln kWh	4 824,3
Capacity utilization rate, %	28,95
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	6 190,8
Production costs, mln rubles	6 621,4
Gross profit, mln rubles	-430,6
Net profit, mln rubles	6 618,8
Profitability, %	-7,0

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010***: TGC-6

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 12 930 million rubles (incl. investments without commissioning - RUB 8 421 mln)</i>				
Ivanovskaya CHPP-2 (PU 3)	Center	65	coal	2008
Igumnovskaya CHPP (PU 1,2,3)****	Center	125	gas/fuel oil	2008-2010

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Cost indicators are calculated with account of revaluation of investments.

**** Approved by the RAO UES Management Board on January 29, 2007.

***** Information on equipment configuration is being updated.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	25.02.2005	Approved TGC-6 establishment project.
State registration of TGC	27.04.2005	Registered in Nizhni Novgorod.
	1st stage 27.01.2006	TGC-6 decided to issue additional shares. These shares will be placed with payment for them in shares of Vladimir Generation Company, Ivanovo Generation Company, Mordovian Generation Company, Mordovian Heat Network Company, Nizhni Novgorod Generation Company, and Penza Generation Company.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage 18.12.2006	TGC-6 and Vladimir Generation Company, Ivanovo Generation Company, Mordovian Generation Company, Mordovian Heat Network Company, Nizhni Novgorod Generation Company, and Penza Generation Company decided to reorganize the companies in terms of a merger with and into TGC-6, and approved merger agreements.
	1st stage 05.05.2006	I stage of TGC-6 target structure formation completed, Holding Company established.
		II stage of TGC-6 target structure formation completed, Holding Company reorganized by means of a merger with 6 subsidiaries. Entries were made in the Uniform State Register of Legal Entities that Vladimir Generation Company, Ivanovo Generation Company, Mordovian Generation Company, Mordovian Heat Network Company, Nizhni Novgorod Generation Company, and Penza Generation Company ceased operations due to their merger with and into TGC-6. TGC-6 holding company was reorganized in terms of a merger with six subsidiaries.
Target structure (completion of merger/holding)	2nd stage 01.03.2007	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.
Admission of securities to the stock market	12.07.2006	

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-6 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	30.11.2007	Decision made to reorganize TGC-6 by means of merging TGC-6 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of TGC-6 Holding Company and the spin-off of target company TGC-6 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY

"VOLZHSKAYA TERRITORIAL GENERATION COMPANY" (VOLZHSKAYA TGC) (TGC-7)



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Mayakovskogo street, 15

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E-mail: info@votgk.com

Web: www.votgk.com

Volzhskaya TGC (TGC-7) was established on August 1, 2005. The company includes:

- Togliatti CHPP (Togliatti)
- AVTOVAZ CHPP (Togliatti)
- Novokuibushevsk CHPP-1 (Novokuibushevsk)
- Novokuibushevsk CHPP-2 (Novokuibushevsk)
- Samara CHPP (Samara)
- Syzran CHPP (Syzran)
- Bezymyanka CHPP (Samara)
- Samara SDPP (Samara)
- Samara Heat Networks (Samara)
- Togliatti Heat Networks (Togliatti)
- Samara Motor Depot (Samara)
- Balakovo CHPP-4 (Balakovo)
- Orsk TPP-1 (Orsk)
- Sakmarskaya TЭЦ (Orenburg)
- Saratov ТЭЦ-2 (Saratov)
- Saratov SDPP (Saratov)
- Saratov Heat Networks (Saratov)
- Saratov Motor Transport Establishment (Saratov)
- Ulyanovsk CHPP-1 (Ulyanovsk)
- Ulyanovsk CHPP-2 (Ulyanovsk)
- Ulyanovsk CHPP-3 (Ulyanovsk region)
- Ulyanovsk Heat Networks (Ulyanovsk)
- Samara UKK (Samara)
- Saratov CHPP-5 (Saratov region)
- Ulyanovsk UKK (Ulyanovsk)
- Engels CHPP-3 (Engels)
- Kargalinskay TPP (Orenburg region)
- Orenburg Heat Networks (Orenburg and Mednogorsk)

Director General – Nikonov Vasili Vladislavovich

Chairman of the Board of Directors – Avetisyan Vladimir Yevgenyevich

Registrar – Moscow Central Depository

Auditor – KPMG International

Authorized capital*

ordinary shares, %	100
total number of shares	26 116 076 165
par value of 1 share, rub.	1

The share of RAO UES of Russia in the authorized capital, %** **54,47**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	5 850,7
Installed heat capacity, thousand Gcal/hour	26,1
Amount of power produced, mln kWh	14 673,4
Capacity utilization rate, %	38,28
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	22 173,4
Production costs, mln rubles	21 091,5
Gross profit, mln rubles	1 081,9
Net profit, mln rubles	97,5
Profitability, %	4,9

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010****: TGC-7

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 26 447 million rubles (incl. investments without commissioning - RUB 16 957 mln)</i>				
Orenburg TGC				
Mednogorskaya CHPP (PU 1)	Ural	10	gas/fuel oil	2006
Mednogorskaya CHPP (PU 2)****	Ural	10	gas/fuel oil	2008
Orenburgskaya CHPP	Ural	3	gas/fuel oil	2011
Sakmarskaya CHPP (PU 1)	Ural	65	gas/fuel oil	2010
Sakmarskaya CHPP (PU 4)	Ural	60	gas/fuel oil	2009

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Excluding Orenburg TGC.

**** Approved by the RAO UES Management Board on January 29, 2007.

***** Information on equipment configuration is being updated.



RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010: TGC-7

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 26 447 million rubles (incl. investments without commissioning - RUB 16 957 mln)</i>				
Volzhskaya TGC				
Samara SDPP (PU 1)	Volga	12	gas/fuel oil	2009
Samara SDPP (PU 11,12)	Volga	32	gas/fuel oil	2010-2011
Syzran CHPP (PU 9), ПГУ	Volga	200	gas/fuel oil	2010
Novokuibyshevskaya CHPP -1 (PU 13) GTP	Volga	64	gas	2009
Novokuibyshevskaya CHPP -1 (PU 14) GTP	Volga	64	gas	2010
Novokuibyshevskaya CHPP -1 (PU 15) GTP	Volga	64	gas	2011

KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	03.09.2004	Approved the establishment project for Volzhskaya TGC, which involves joint establishment of the company under the "non-basic" restructuring project for Samaraenergo, Saratovenergo, and Ulyanovskenergo.
State registration of TGC	01.08.2005	Registered in Samara.
	1st stage 11.08.2006	Volga TGC adopted the decision to conduct an issue of additional shares in the company, to be placed with payment due in shares (100%) of Orenburg TGC, owned by RAO "UES of Russia".
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage 15.01.2007	Volga TGC and Samara TGC, Saratov TGC, and Ulyanovsk TGC decided to reorganize the companies in terms of a merger with and into Volga TGC and approved merger agreements.
	1st stage 06.03.2007	I stage of Volga TGC target structure formation completed. Orenburg TGC included into the Holding Company.
		II stage of Volga TGC target structure formation completed.
Target structure (completion of merger/holding)	2nd stage 01.06.2007	Entry was made in the Uniform State Register of Legal Entities that Samara TGC, Saratov TGC, and Ulyanovsk TGC ceased operation due to their merger with and into Volga TGC.
Admission of securities to the stock market	01.08.2007	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off Volga TGC Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	20.11.2007	Decision made to reorganize Volga TGC by means of merging Volga TGC Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of Volga TGC Holding Company and the spin-off of target company Volga TGC from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY "SOUTHERN GENERATION COMPANY TGC-8" (SGC TGC-8)



344006, Russia,
Rostovskaya oblast, Rostov-
on-Don, pr. Sokolova, 13

Tel: (863) 255-50-70
Fax: (863) 255-50-71
E-mail: info@tgk-8.ru
Web: www.tgk-8.ru

SGC TGC-8 was established on March 22, 2005. The company includes:

- **Astrakhan Generation branch** (Astrakhan region, Astrakhan):
 - Astrakhan SDPP
 - Astrakhan CHPP-2
 - Central Boiler House
 - Municipal Unitary Enterprise "Heat Networks" in the city of Astrakhan
- **Volgograd Generation branch** (Volgograd region, Volgograd):
 - Volgograd SDPP
 - Volgograd CHPP-2
 - Volgograd CHPP-3
 - Volga CHPP-1
 - Volga CHPP-2
 - Kamyshin CHPP
 - Municipal Unitary Enterprise "Heat Networks" in the city of Volzhskiy, under lease
 - Municipal Unitary Enterprise "Heat Networks" in the city of Kamyshin, under lease
- **Dagestan Generation branch** (Republic of Dagestan, Makhachkala):
 - Makhachkala CHPP
 - Kaspiy CHPP
- **Rostov Generation branch** (Rostov region, Volgogradsk):
 - Volgodonsk CHPP-2
 - Zimlyansk SDPP
 - Kamensk CHPP
 - Municipal Unitary Enterprise "Heat Networks" in the city of Kamyshin, in trust
- **Rostov City Generation branch** (Rostov region, Rostov):
 - Rostov CHPP-2
 - Boiler Houses RTS
- **Stavropol Generation branch** (Stavropol territory, Kislovodsk):
 - Kislovodsk CHPP
 - Boiler Houses
 - Boiler House "Mashuk" in PT
- **Kuban Generation Company** (Krasnodar territory, Krasnodar):
 - Krasnodar CHPP
 - Belorechensk SDPP
 - Maikop SDPP
 - Krasnopolyanskaya SDPP

Director General – Lebedev Vladimir Albertovich

Chairman of the Board of Directors – Melnikov Dmitry Aleksandrovich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit



Authorized capital*

ordinary shares, %	100
	1 375 859 309 304
total number of shares	and 192 416 287 965 / 1 188 916 446 365
par value of 1 share, rub.	0,01

The share of RAO UES of Russia in the authorized capital, %****11,35****PRODUCTION CHARACTERISTICS*****

Installed capacity, MW	3 305,8
Installed heat capacity, thousand Gcal/hour	12,4
Amount of power produced, mln kWh	10 426,2
Capacity utilization rate, %	48,0
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	11 889,96
Production costs, mln rubles	12 123,36
Gross profit, mln rubles	-233,40
Net profit, mln rubles	-395,77
Profitability, %	-2,0

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: TGC-8**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 36 060 million rubles (incl. investments without commissioning - RUB 6 880 mln)</i>				
Astrakhan SDPP****	South	110	gas	2009
Astrakhan CHPP-2****	South	400	gas	2010
Volzhskaya CHPP	South	30	gas/fuel oil	2009
Kamenskaya CHPP (PU 7,8)	South	12	gas/fuel oil	2008
Krasnodarskaya CHPP	South	450	gas	2009
Tsimlyanskaya HEPP	South	52	hydraulic equipment	2008
Belorechenskaya HEPP (PU 1)	South	21	hydraulic equipment	2008
Belorechenskaya HEPP (PU 2)	South	21	hydraulic equipment	2009
Belorechenskaya HEPP (PU 3)	South	21	hydraulic equipment	2010
Krasnopolyanskaya HEPP-2 (PU 1-4)	South	33	hydraulic equipment	2011
Maikopskaya HEPP (PU 3)	South	3	hydraulic equipment	2010
Maikopskaya HEPP (PU 4)	South	3	hydraulic equipment	2009
Promising projects for program expansion				
Astrakhan CHPP-2	South	400	gas	2011

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Installed capacity (electricity and heat) – period average.

**** Approved by the RAO UES Management Board on January 29, 2007.

***** Information on equipment configuration is being updated.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	29.10.2004	Approved SGC TGC-8 establishment project.
State registration of TGC	22.03.2005	Registered in Astrakhan. SGC TGC-8 and Astrakhan Regional Generation Company, Generation Company Volzhskaya, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company decided to reorganize the companies in terms of a merger with and into TGC-8 and approved merger agreements.
	1st stage 23.12.2005	
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage 19.03.2007	Decided to increase SGC TGC-8 authorised capital by means of placing additional shares of the company. It was decided that the shares of Kuban Generation Company should be converted to those of SGC TGC-8.
	1st stage 01.06.2006	The 1st stage of SGC TGC-8 formation was completed (excluding generation assets of Kubanenergo that hasn't yet finished unbundling by activity type). Entry was made in the Uniform State Register of Legal Entities that Astrakhan Regional Generation Company, Generation Company Volzhskaya, Dagestan Heat Generation Company, Rostov Generation Company, and Stavropol Heat Generation Company ceased operation due to their merger with and into SGC TGC-8.
Target structure (completion of merger/holding)	2nd stage 30.06.2007	II stage of SGC TGC-8 target structure formation completed, Kuban Generation Company included in the Holding Company.
Admission of securities to the stock market	15.08.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off SGC TGC-8 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	12.10.2007	Decision made to reorganize SGC TGC-8 by means of merging SGC TGC-8 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of SGC TGC-8 Holding Company and the spin-off of target company SGC TGC-8 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY "TERRITORIAL GENERATION COMPANY №9" (TGC-9)



ТЕРРИТОРИАЛЬНАЯ
ГЕНЕРИРУЮЩАЯ
КОМПАНИЯ № 9

614990, Russia, Perm,
Komsomolsky prospekt, 48

Tel: (342) 240-73-59

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E-mail: mail@tgc-9.ru

Web: www.tgc-9.ru

TGC-9 was established on December 9, 2004. The company includes:

■ Branches of TGC-9 in Perm territory:

Berezniki CHP-2 (Perm territory, Berezniki)
Kizel SDPP-3 (Perm territory, Gubakha)
Zakamskaya CHPP-5 (Perm territory, Krasnokamensk)
Perm CHPP-9 (Perm)
Perm CHPP-13 (Perm)
Perm CHPP-14 (Perm)
Chaikovsky CHPP-18 (Perm territory, Chaikovsky)
Perm Heat Networks (Perm)
Perm Region Engineering and Technical Center (Perm)
Logistics Center (Perm)

■ Branches of TGC-9 in Sverdlovsk region:

Artemovskiy CHPP (Sverdlovsk region, Artemovskiy)
Bogoslovsk CHPP (Sverdlovsk region, Krasnoturiinsk)
Kachkanar CHPP (Sverdlovsk region, Kachkanar)
Krasnogorsk CHPP (Sverdlovsk region, Kamensk-Uralskiy)
Nizhneturinsk SDPP (Sverdlovsk region, Nizhnyaya Tura)
Novo-Sverdlovsk CHPP (Yekaterinburg)
Pervouralsk CHPP (Sverdlovsk region, Pervouralsk)
Sverdlovsk CHPP (Yekaterinburg)
Sverdlovteplotosbyt (Yekaterinburg)
Sverdlovsk Region Engineering and Technical Center (Yekaterinburg)
Sverdlovsk Heat Networks (Yekaterinburg)

■ Branches of TGC-9 in the Komi Republic:

Vorkuta CHP-2 (Komi Republic, Vorkuta)
Sosnogorsk CHP (Komi Republic, Sosnogorsk)
Inta CHP (Komi Republic, Inta)
Syktyvkar Heat Networks (Komi Republic, Syktyvkar)
Ukhta Heat Networks (Komi Republic, Ukhta)

Director General – Makarov Andrey Yurievich

Chairman of the Board of Directors – Chikunov Aleksandr Vasilyevich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit



Authorized capital*

ordinary shares, %	100
total number of shares	5 697 897 869 214
par value of 1 share, rub.	0,003

The share of RAO UES of Russia in the authorized capital, %** **16,11**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	3 285,0
Installed heat capacity, thousand Gcal/hour	16,9
Amount of power produced, mln kWh	11 438,4
Capacity utilization rate, %	53,0
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	23 360,67
Production costs, mln rubles	22 101,01
Gross profit, mln rubles	1 259,66
Net profit, mln rubles	-46,74
Profitability, %	5,4

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**. TGC-9**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 69 682 million rubles (incl. investments without commissioning - RUB 7 197 mln)</i>				
Nizhneturinskaya SDPP	Ural	115	coal	2009
Nizhneturinskaya SDPP	Ural	330	coal	2011
Nizhneturinskaya SDPP	Ural	330	coal	2013
Novo-Bereznikovskaya CHPP****	Ural	100x4	gas	2009-2012
Novo-Bogoslovskaya CHPP****	Ural	200x3	coal	2009-2013
Novo-Sverdlovskaya CHPP	Ural	110	gas	2011
Perm CHPP-6 (PU 6)****	Ural	70	gas/fuel oil	2009
Perm CHPP-9	Ural	150	gas/fuel oil	2011
Perm CHPP-13	Ural	16	gas	2007
Perm CHPP-14	Ural	35	gas	2008
Chaikovskaya CHPP-18	Ural	50	gas/fuel oil	2007
Shirokovskaya HEPP (PU 1)	Ural	16	hydraulic equipment	2007
Shirokovskaya HEPP (PU 2)	Ural	16	hydraulic equipment	2008

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Installed capacity (electricity and heat) – period average.

**** Approved by the RAO UES Management Board on January 29, 2007.

***** Information on equipment configuration is being updated.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	03.09.2004	Approved TGC-9 establishment project.
State registration of TGC	09.12.2004	Registered in Perm.
	1st stage 19.12.2005	TGC-9 and Perm Generation Company, Sverdlovsk Generation Company decided to reorganize the companies in terms of a merger with and into TGC-9 and approved merger agreements.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage 15.11.2006	TGC-9 and Komi Regional Generation Company decided to reorganize the company in terms of a merger with and into TGC-9 and approved the merger agreement.
	1st stage 01.05.2006	The 1st stage of TGC-9 target structure formation was completed (excluding generation assets of JSC Komienergo that hasn't yet finished unbundling by activity type). Entry was made in the Uniform State Register of Legal Entities that Perm Generation Company and Sverdlovsk Generation Company ceased operation due to their merger with and into TGC-9.
Target structure (completion of merger/holding)	2nd stage 01.02.2007	Entry was made in the Uniform State Register of Legal Entities that JSC Komienergo ceased operation due to its merger with and into TGC-9.
Admission of securities to the stock market	15.09.2006	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-9 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	25.10.2007	Decision made to reorganize TGC-9 by means of merging TGC-9 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of TGC-9 Holding Company and the spin-off of target company TGC-9 from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY
"TERRITORIAL GENERATION COMPANY №10" (TGC-10)



454077, Russia, Chelyabinsk,
 Brodokalmakskiy trakt, 6

Tel: (351) 259-64-69
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 E-mail: inbox@tgc10.ru
 Web: www.tgc10.ru

TGC-10 was established on March 30, 2005. The company includes:

- Tyumen CHP-1 (Tyumen)
- Tyumen CHP-2 (Tyumen)
- Tyumen Heat Networks (Tyumen)
- Tobolsk CHPP (Tobolsk)
- Surgut Heat Networks (Surgut)
- Argayashskaya CHPP (Chelyabinsk region, Ozersk)
- Chelyabinsk CHPP-1 (Chelyabinsk)
- Chelyabinsk CHPP-2 (Chelyabinsk)
- Chelyabinsk CHPP-3 (Chelyabinsk)
- Orden of Lenin Chelyabinsk SDPP (Chelyabinsk)
- Chelyabinsk Heat Networks (Chelyabinsk)
- Nyagansk SDPP (Nyagan)

Director General – Shishkin Andrei Nikolayevich
Chairman of the Board of Directors – Avetisyan Vladimir Yevgenyevich

Registrar – Moscow Central Depository
Auditor – NP Consult

Authorized capital*

ordinary shares, %	100
total number of shares	432 425 955
par value of 1 share, rub.	1,66

The share of RAO UES of Russia in the authorized capital, %** **81,54**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	2 773,0
Installed heat capacity, thousand Gcal/hour	12,5
Amount of power produced, mln kWh	13 472,5
Capacity utilization rate, %	74,15
Fuel type	Gas

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	15 638,5
Production costs, mln rubles	15 189,2
Gross profit, mln rubles	449,3
Net profit, mln rubles	-85,6
Profitability, %	2,9

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: TGC-10**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 59 112 million rubles (incl. investments without commissioning - RUB 9 509 mln)</i>				
Tyumen CHPP-1	Ural	190	gas	2009
Tyumen CHPP-2	Ural	450	gas	2012
Chelyabinsk CHPP-3 (PU 2)	Ural	180	gas	2006
Chelyabinsk CHPP (PU 3)	Ural	220	gas	2010
Tobolskaya CHPP	Ural	210	gas	2009
Nyaganskaya SDPP	Ural	400x3	gas	2010-2012
Kurgan Generation Company				
Kurgan CHPP	Ural	230	gas	2009

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	29.10.2004	Approved TGC-10 establishment project.
State registration of TGC	30.03.2005	Registered in Chelyabinsk.
	1st stage	
	24.07.2006	General meeting of shareholders of Chelyabinsk Generation Company decided to reorganize the company in terms of a merger with and into Tyumen Regional Generation Company and approved merger agreement.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage	
	31.08.2007	TGC-10 decided to place additional shares with payment for them in shares (100%) of Kurgan Generation Company which are owned by RAO UES of Russia.
	1st stage	
	01.12.2006	I stage of TGC-10 target structure formation completed, without the inclusion of Kurgan Generation Company generation assets. Holding Company established. Entry made to the URSLE on the cessation of activities of TGC-10 and Chelyabinsk Generation Company as a result of their merger into Tyumen Regional Generation Company, which was renamed to TGC-10.
Target structure (completion of merger/holding)	2nd stage	
	20.12.2007	II stage of TGC-10 target structure formation completed, the additional issue of shares in TGC-10 paid for in Kurgan Generation Company shares.
Admission of securities to the stock market	04.04.2007	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-10 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	30.10.2007	Decision made to reorganize TGC-10 by means of merging TGC-10 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of TGC-10 Holding Company and the spin-off of target company TGC-10 from RAO "UES of Russia".



**OPEN JOINT-STOCK COMPANY
"TERRITORIAL GENERATION COMPANY №11" (TGC-11)**



TGC-11 was established on August 26, 2005. The company includes:

- **Tomskenergo** (Tomsk region)
- **Omsk Power Generation Company** (Omsk region)

Director General – Kozhemyako Sergey Ivanovich

Chairman of the Board of Directors – Fedorchuk Dmitry Vasilievich

Registrar – Moscow Central Depository

630091, Russia, Novosibirsk,
Krasniy prospekt street, 55

Tel: (383) 354-98-00

Fax: (383) 354-98-02

E-mail: tgk11@tgk11.com

Web: www.tgk11.com

Authorized capital*

ordinary shares, %	100
total number of shares	512 827 729 472
par value of 1 share, rub.	0,01

The share of RAO UES of Russia in the authorized capital, %** **50,46**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	2 026,0
Installed heat capacity, thousand Gcal/hour	8,2
Amount of power produced, mln kWh	5 505,0
Capacity utilization rate, %	41,47
Fuel type	Gas, coal

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	8 658,6
Production costs, mln rubles	9 051,6
Gross profit, mln rubles	-393,0
Net profit, mln rubles	-376,9
Profitability, %	-4,5

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: TGC-11**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 15 726 million rubles (incl. investments without commissioning - RUB 4 882 mln)</i>				
Tomsk SDPP-2	Siberia	50	gas	2010
Omsk CHPP-3	Siberia	123	gas	2011
Omsk CHPP-6 (information is being updated)	Siberia	265	coal	2012

* Source: Website of the company.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	01.07.2005	Approved TGC-11 establishment project.
State registration of TGC	26.08.2005	Registered in Novosibirsk.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	24.08.2007	Decision made to reorganize TGC-11, Tomskenergo and Omsk Power Generation Company in the form of a merger with and into TGC-11 and approved merger agreements.
Target structure (completion of merger/holding)	01.11.2007	TGC-11 target structure formation completed. Entry made to the URSLE on the cessation of activities of Tomskenergo and Omsk Power Generation Company as a result of their merger into TGC-11.
Admission of securities to the stock market	11.12.2007	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-11 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	17.11.2007	Decision made to reorganize TGC-11 by means of merging TGC-11 Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the URSLE on the cessation of activities of TGC-11 Holding Company and the spin-off of target company TGC-11 from RAO "UES of Russia".



**OPEN JOINT-STOCK COMPANY
"KUZBASSENERGO" (TGC-12)**


TGC-12 was established on the basis of **Kuzbassenergo**, which purchased generation assets owned by **Altaienergo**.

Director General – Mikhailov Sergey Nikolayevich
Chairman of the Board of Directors – Lisyansky Mikhail Eduardovich

Registrar – Moscow Central Depository
Auditor – ZAO KPMG

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Kemerovo, GSP-2,
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priemnayagd@kuzbe.elektra.ru
Web:
www.kuzbassenergo.ru

Authorized capital*	
ordinary shares, %	100
total number of shares	606 163 800
par value of 1 share, rub.	1
The share of RAO UES of Russia in the authorized capital**, %	42

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	4 387,2
Installed heat capacity, thousand Gcal/hour	8,8
Amount of power produced, mln kWh	16 083,4
Capacity utilization rate, %	55,95
Fuel type	Coal

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	12 925,7
Production costs, mln rubles	12 825,6
Gross profit, mln rubles	100,1
Net profit, mln rubles	2 501,6
Profitability, %	0,8

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: TGC-12**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 43 699 million rubles (incl. investments without commissioning - RUB 19 657 mln)</i>				
Belovskaya SDPP	Siberia	200	coal	2010
Kuznetskaya CHPP (PU 12)	Siberia	12	coal	2007
Kuznetskaya CHPP (PU 3)	Siberia	12	coal	2008
Kemerovskaya CHPP	Siberia	110	coal	2011
Novo-Kemerovskaya CHPP (PU 15)	Siberia	115	coal	2008
Tom-Usinskaya SDPP	Siberia	660x2	coal	2011-2012

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	23.12.2005	Approved TGC-12 establishment project.
State registration of TGC	—	TGC-12 (Kuzbassenergo) was established through the purchase of Altaienergo generation property by Kuzbassenergo.
	29.12.2006	Sales-and purchase agreement concluded between Kuzbassenergo and Altayenergo for the sale of generation assets owned by Altayenergo.
	15.03.2007	Results of the auction for the sale of West-Siberia CHPP summed up.
	29.03.2007	Results of the auction for the sale of South-Kuzbass CHPP summed up.
Target structure (completion of merger/holding)	30.04.2007	Kuzbassenergo (TGC-12) target structure formation completed. Payment for agreements for the acquisition of Altayenergo generation assets and UNPG facilities completed.
Admission of securities to the stock market	05.01.2000	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off Kuzbassenergo Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	31.10.2007	Decision made to reorganize Kuzbassenergo by means of merging Kuzbassenergo Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of Kuzbassenergo Holding Company and the spin-off of target company Kuzbassenergo from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY

"YENISEYSKAYA TERRITORIAL GENERATION COMPANY (TGC-13)" (YENISEYSKAYA TGC (TGC-13))



Территориальная
генерирующая компания №13

Yeniseyskaya TGC (TGC-13) was established on June 28, 2005. The company includes:

- Krasnoyarsk CHPP-1
- Krasnoyarsk CHPP-2
- Krasnoyarsk CHPP-3
- Kanskaya CHPP
- Minusinskaya CHPP
- Sosnovoborskaya CHPP
- Nazarovskaya SDPP
- Krasnoyarsk Heat Network
- Abakan CHPP

660021, Russia, Krasnoyarsk,
Bograda street, 144-A

Director General – Salkov Oleg Ivanovich
Chairman of the Board of Directors – Makushin Yuri Pavlovich

Tel: (3912) 74-40-59
Fax: (3912) 59-37-44
(3912) 56-54-15
E-mail: post@tgk13.ru
Web: www.tgk13.ru

Registrar – Reestr A-Plus
Аудитор – ЗАО KPMG

Authorized capital*

ordinary shares, %	100
number of shares	5 705 437,32
par value of 1 share, rub.	226,42

The share of RAO UES of Russia in the authorized capital, %** **56,46**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	2 548,0
Installed heat capacity, thousand Gcal/hour	7,1
Amount of power produced, mln kWh	7 472,8
Capacity utilization rate, %	44,76
Fuel type	Coal

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	8 044,0
Production costs, mln rubles	8 228,4
Gross profit, mln rubles	-184,4
Net profit, mln rubles	-282,3
Profitability, %	-2,3

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010**: TGC-13**

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 13 903 million rubles (incl. investments without commissioning - RUB 7 270 mln)</i>				
Kanskaya CHPP	Siberia	12	coal	2008
Krasnoyarskaya CHPP-3 (PU 1)	Siberia	185	coal	2009
Krasnoyarskaya CHPP-3 (PU 2)	Siberia	185	coal	2010
Minusinskaya CHPP (PU 1)	Siberia	110	coal	2008
Minusinskaya CHPP (PU 2)	Siberia	30	coal	2010

* Source: Website of the company.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	26.11.2004	Approved TGC-13 establishment project.
State registration of TGC	28.06.2005	Registered in Krasnoyarsk.
	1st stage	The general meeting of shareholders of Krasnoyarsk Generation decided to reorganize the company in terms of a merger with and into Khakass Generation Company and approved merger agreement.
	18.08.2006	
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	2nd stage	Yeniseyskaya TGC (TGC-13) decided to issue additional shares of the company with payment for them in 100% of RAO UES-owned shares of Kyzylskaya CHPP.
	17.05.2007	
	1st stage	I stage of TGC-13 target structure formation was completed (excluding generation assets of Kyzylskaya CHPP, which is a wholly-owned subsidiary of Tyvaenergo). Entry was made in the Uniform State Register of Legal Entities that Krasnoyarsk Generation and TGC-13 ceased operations due to their merger with and into Khakass Generation Company, which was renamed Yeniseyskaya TGC (TGC-13).
	31.12.2006	
Target structure (completion of merger/holding)	2nd stage	II stage of Yeniseyskaya TGC (TGC-13) target structure formation completed, the additional issue of shares in Yeniseyskaya TGC (TGC-13) paid for in Kyzyl CHPP shares.
	13.12.2007	
Admission of securities to the stock market	27.03.2007	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off Yeniseyskaya TGC Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	30.10.2007	Decision made to reorganize Yeniseyskaya TGC (TGC-13) by means of merging Yeniseyskaya TGC Holding Company into it.
Completion of merger	30.06.2008	Entry to be made to the USRLE on the cessation of activities of Yeniseyskaya TGC Holding Company and the spin-off of target company Yeniseyskaya TGC (TGC-13) from RAO "UES of Russia".



OPEN JOINT-STOCK COMPANY "TERRITORIAL GENERATION COMPANY №14" (TGC-14)



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Web: www.tgc-14.ru

TGC-14 was established on December 7, 2004. The company includes:

■ Chita Generation, structural departments:

Chita CHPP-1
Chita CHPP-2
Sherlovogorskaya CHPP
Priargunskaya CHPP

■ Buryatia Generation, structural departments:

Ulan-Udenskaya CHPP-1 and CHPP-2
Timluiszkaya CHPP

■ Chita Energy System

■ Ulan-Ude Energy System

■ Chita Teploenergobyt

■ Buryatiya Teploenergobyt

Director General – Alferov Vladimir Gennadievich

Chairman of the Board of Directors – Orudzhev Eldar Valerievich

Registrar – Moscow Central Depository

Auditor – PricewaterhouseCoopers Audit

Authorized capital*

ordinary shares, %	100
total number of shares	777 945 609 114
par value of 1 share, rub.	0,001

The share of RAO UES of Russia in the authorized capital, %** **49,66**

PRODUCTION CHARACTERISTICS***

Installed capacity, MW	633,4
Installed heat capacity, thousand Gcal/hour	3,1
Amount of power produced, mln kWh	1 581,0
Capacity utilization rate, %	38,0
Fuel type	Coal

FINANCIAL AND ECONOMIC INDICATORS***

Revenues from sales, mln rubles	3 394,61
Production costs, mln rubles	3 143,23
Gross profit, mln rubles	251,38
Net profit, mln rubles	59,50
Profitability, %	7,4

RAO UES OF RUSSIA INVESTMENT PROGRAM FOR 2006-2010****: TGC-14

Power plant (PU)	UES	Capacity, MW	Fuel type	Year of commissioning
<i>Total amount of 2006-2010 investment program: 1 240 million rubles (incl. investments without commissioning - RUB 617 mln)</i>				
Ulan-Udenskaya CHPP-2 (PU 1)	Siberia	20	coal	2009
Ulan-Udenskaya CHPP-2 (PU 2)	Siberia	20	coal	2010
Chtinskaya CHPP-2 (PU 2)	Siberia	6	coal	2008

* Source: Issuer's report as of quarter 3, 2007.

** As of 18.01.2008, source: Centre for the Implementation of Restructuring Projects of RAO "UES of Russia".

*** As of 9 months of 2007. Installed capacity (electricity and heat) – period average.

**** Approved by the RAO UES Management Board on January 29, 2007.



KEY MEASURES RELATED TO COMPANY'S FORMATION**TARGET STRUCTURE FORMATION**

RAO UES Board of Directors on the establishment of TGC	03.09.2004	Approved TGC-14 establishment project.
State registration of TGC	07.12.2004	Registered in Chita.
General meetings of shareholders of RGCs/TGC on merger-based reorganization/ issue of additional shares	28.07.2006	TGC-14 and Chita Generation Company, Buryatgeneration decided to reorganize the companies in terms of a merger with and into TGC-14 and approved merger agreements.
Target structure (completion of merger/holding)	29.09.2006	TGC-14 target structure formation was completed. Entry was made in the Uniform State Register of Legal Entities that Chita Generation Company and Buryatgeneration ceased operation due to their merger with and into TGC-14.
Admission of securities to the stock market	18.01.2007	The company's shares were included in the list of securities admitted to trading (without listing) on the trading floors.

TARGET - REORGANIZATION OF RAO UES OF RUSSIA

EGM of Shareholders of RAO "UES of Russia" on the reorganization in the form of spinning-off TGC Holding Companies and merging them into the corresponding TGCs	26.10.2007	Decision adopted to spin-off TGC-14 Holding Company from RAO "UES of Russia".
EGMs of Shareholders of TGC on reorganization in terms of a merger with TGC Holding to be spun off from RAO UES of Russia	20.11.2007	Decision made to reorganize TGC-14 by means of merging TGC-14 Holding Company into it. Entry to be made to the USRLE on the cessation of activities of TGC-14 Holding Company and the spin-off of target company TGC-14 from RAO "UES of Russia".
Completion of merger	30.06.2008	



SUBJECT SURVEY.

Energy consumption by the population: mechanisms and ways of social support

Ensuring free access to electric power for all household consumers, including low-income groups of the population, is one of the main government priorities on electric power supply in many countries of the world. In order to fulfill these goals a range of measures may be used: from tariff regulation to subsidizing suppliers or consumers of electric power. Specific subsidies to consumers experiencing hardship are among the most difficult mechanisms to implement, but at the same time one with many undeniable advantages. Herewith, the subsidies may be tied in with the social standard of consumption – that is to say that a limited volume of consumption (per household or family member) is subsidized, the surplus being paid for by the consumer in full at market prices.

Subsidizing consumers, which confirmed the insufficiency of their incomes for payment of electric power consumed, directly does not distort price indicators on electric power markets, which is often the case with tariff regulation. Предоставление субсидий непосредственно потребителям, подтвердившим недостаточность доходов для оплаты потребляемой электроэнергии, не вызывает искажения ценовых ориентиров на рынках электроэнергии, как это происходит в случае регулирования тарифов. The targeted nature of subsidies allows to exclude wealthier consumers who are capable of paying their own power bills from the system.

This issue of the Information Bulletin "Restructuring of the Russian Electric Power Industry" presents a brief overview of studies into the methods of social adaptation of the population during electric power market liberalization, that have been conducted by the Centre for Reform Management of RAO "UES of Russia" in 2005–2007.

An example has been included of regulatory control over subsidizing of public power supply in France: excerpts from the law № 2000-108 of February 10, 2000 "On the Modernization and Development of the Public Electricity Service" and 2 resolutions of the Ministry for Economics, Finance and Industry of France, which were adopted in application of the specified law.

Main results of studies into the methods of social adaptation of the population during electric power market liberalization

At the moment the process of gradual electric power market liberalization is under way. Transformations on the electric power market presumes that pricing and cross-subsidizing are to become transparent, even if regulated prices for the population are retained.

In order to analyze the problems related to the preparation of recommendations on the mechanisms and ways of ensuring the best possible adaptation of the population to electric power market liberalization, the Centre for Reform Management of RAO has conducted a number of studies during the period of 2005–2007.

Analysis of international experience in applying the social standard of electric power consumption by the population.

Research into international practice demonstrates that depending on the country's social and economic policy different mechanisms and ways of adaptation of the population to electric power market liberalization conditions are implemented, allowing the population to purchase electric power at affordable prices. The following are examples of standard government instruments of ensuring social justice towards the development of all layers of society: social standards of electric power consumption, social tariffs for electric power and specific budget subsidizing.

In general countries may be split into three groups depending on the methods of social support of the population. The first group consists of countries granting financial aid in paying electricity bills to a specific category of the population, depending, in particular, on their incomes and power consumption volumes (for example – France, Brazil, South Africa etc.).

The second group of countries, which includes among others India, Hungary, Ghana and Kenya, use a social standard of consumption or a social tariff towards the entire population. Aid is granted even to citizens with a high income level.



The last group comprises countries that implement different methods of social aid with no economic feasibility – for example China, Egypt, Tajikistan and Kazakhstan.

It is necessary to note that an inefficient system of social support in terms of electric power supply leads to wasting of funds on wealthy layers of the population, while negatively influencing the financial state of energy companies and depriving the poorest and needy layers of the population of the support that they desperately require.

Analysis of regulatory practice of implementing the social standard of the population's consumption of electric power in the Russian Federation.

Research was also conducted of existing regional legislation in Russia. As of 1996, a number of Russian regions have introduced a social standard of electric power consumption. Within this standard electric power is paid for at a lowered tariff. For example, in 2006 social standards existed in 11 regions (the Krasnodar Territory, the Krasnoyarsk Territory, the Nizhni Novgorod Region, the Penza Region, the Samara Region, the Sverdlovsk Region and others), its' level ranging 35 kWh to 350 kWh a month per household. Federal legislation allows for the introduction and implementation of a social standard of energy consumption (Art.2 of Federal Law № 41-FZ of 14.04.1995), but its' application at a regional level is not widely spread. Existing legislative acts do not stipulate an obligation to introduce the said standard; the authorities responsible for determining the size of the standard are also not specified. In order to introduce the social standard of consumption of electric power it is necessary to adopt a corresponding legislative act at the federal level. This act must determine the method of implication and calculation of the social standard, as well as bring regional legislation and municipal regulative documents in line with federal provisions.

Research on: "Evaluation of the differentiation of consumer spending on electricity and heat and of their consumption by income population groups"

In order to evaluate the readiness of the population of the Russian Federation to the liberalization of the electric power market and determine the possibilities of applying different methods of adapting the population to this liberalization, research was conducted in 30 regions of Russia. As part of this research the following evaluations were made:

- Of the differentiation of the level of consumption of electricity and heat and the costs for utilities (including electricity and heat) by different groups of the population;
- Of the consequences of introducing different versions of the social consumption standard for certain groups of the population, including the needy and disadvantaged;
- Of the fraction of the population that consumes electric power within the social standard of consumption, set using different methods.

Around 800 households in each of the 30 regions were interrogated by means of individual interviews in the form of a specially-developed questionnaire, which included a large range of issues related to household incomes, electric power consumption, electricity, heat and power payments. A total of 24 116 households took part in the research. Data was collected in 2 stages and covers a period from 01.10.2004 to 01.07.2006.

Processing of this data showed the following consistent patterns.

The regions with the highest incomes are: The Khanty-Mansiysk Autonomous District (17 442 rubles per household), Moscow (14 947 rubles), Saint-Petersburg (12 484 rubles) and the Magadan Region (12 299 rubles). The region with the lowest incomes is the Tula Region with 5 685 rubles per household. The family members coefficient (average number of members in a household) equals 2.7, with approximately half of the members being workers. The level of utility provision of a household was also determined. The level of household participation in social benefit programs was determined in relation to payment for utilities and other services. Around half of the households have benefits for the payment of utilities, 16% are entitled to be subsidized for this payment and just over half of the latter make use of their right.



Analysis of data gathered as part of the research on "Evaluating the differentiation of the populations spending on electricity and heat and of their consumption by income groups of the population"

The evaluation of the indexes was conducted on a sample containing 19 949 observations, processing and analyzing this data allowed to determine average values for the following indexes: monthly household incomes amount to 8 648 rubles, monthly volumes electric power consumption per household amount to 152 kWh, an average of 135 rubles per household is spent to pay for electricity, 604 rubles – for heat and 1 224 rubles – for utilities.

Regional peculiarities in electric power consumption were also identified. The monthly volume of electric power consumption per household ranges from 101 kWh (the Vladimir Region) to 291 kWh (the Magadan Region).

Factors that have a significant effect on electric power consumption were also determined. For example, the following tend to increase electric power consumption: the use of electric equipment to cook food, belonging to the high income group of the population, the presence of at least one child under the age of 14 in a household.

7 versions of the social standard of electric power consumption (SSEPC) were developed. These versions can be split up into 3 main categories.

I category: the SSEPC is calculated as a fixed volume of electric power consumption per household or per family member.

II category: the SSEPC is calculated as a fixed or regional average volume of electric power consumption per household (may be multiplied by a coefficient of 1.5) plus a fixed or regional average volume of electric power consumption per each family member starting from the second.

III category: the SSEPC is calculated as a regional average volume of electric power consumption separately for household with a certain type of equipment for cooking food, it also takes account of the quantitative composition of the household.

At the introduction of this mechanism, those households whose consumption is lower or equals the SSEPC pay for electric power at reduced tariffs that are currently in force across Russia. The whose consumption exceeds the SSEPC, shall pay for electric power consumed above the standard at market prices.

The developed versions were compared, and an analysis of the changes in spending on electric power for different groups of the population was then conducted.

Depending on the version of the SSEPC, the fraction of households, whose consumption exceeds the SSEPC, changes, thus changing the economic load on this group of the population. For the I category the portion of these households will amount to 26 to 59 %, for the II category – 21 to 36%, and 60% for the III category. The analysis of the growth of the fraction of spending on electric power for the most vulnerable households, whose consumption exceeds the SSEPC, is demonstrated in the table below.

Vulnerable groups of households	Fraction of spending on e/p before the SSEPC, %	Growth of the fraction of spending on electric power for households, whose consumption exceeds the SSEPC, %		
		I category	II category	III category
households with children, <i>36% of the sample</i>	2,20	1,21 to 1,28	1,12 to 1,16	1,03
Senior citizen households, <i>17% of the sample</i>	1,68	1,02 to 1,18	1,04 to 1,16	0,95
Households-participants of the rent subsidy program, <i>10% of the sample</i>	2,18	1,29 to 1,34	1,21 to 1,30	1,12
Households with incomes under 2 784 rubles, <i>11% of the sample</i>	3,70	2,11 to 3,02	1,88 to 2,05	2,06
SAMPLE IN GENERAL	2,03	1,18 to 1,25	1,12 to 1,15	1,03



In general, analysis of the first category of versions demonstrated that they have several significant faults: they don't fully account for the size of a household and the economies of scale, they don't take regional peculiarities into consideration, they do not differentiate the standard volume of electric power consumption in relation to the type of equipment used to cook food, thus knowingly disadvantaging households with stationary electric heating units and electric stoves.

Versions from the II and III categories do take account of the problems identified during the analysis of the I category. They take into consideration regional particularities of consumption, social justice; the load on households of different sizes is more even, vulnerable groups of the population are accounted for in a consistent manner. Besides the items listed above, the III category allows to account for the type of equipment used to cook food.

An upper-bound estimate was made of the range of the possible load on social aid programs for the payment of rent and utilities. The increase in spending on the program for reducing payments for utilities within all of the versions listed above shall amount to roughly 3 billion rubles throughout the country. The increase of payments of rent subsidies may total 3,3 billion rubles to 4,3 billion rubles depending on the version of the social standard.

In order to conduct the smoothest possible adaptation of the population to the liberalization of the electric power industry, it is essential to resolve the issue of their social protection. To do so, a corresponding system of methods and mechanisms should be developed using international and Russian experience, as well as the research conducted.

Exerts from law № 2000-108 of February 10, 2000 on the modernization and development of the public electricity service (France)

Article 4

I. – The provisions of the second paragraph of article 1 of ordinance n° 86-1243 of December 1, 1986 on freedom of prices and competition shall apply to the tariffs for the sale of electricity to non-eligible customers, the tariffs for the transfer of electricity to the non-nationalized distributors referred to in article 23 of the aforesaid law n° 46-628 of 8 April 1946, the tariffs for the back-up supplies mentioned in subsection (2) of III of article 2 of this law and the tariffs for use of the public transmission and distribution systems.

The said provisions shall apply to any maximum prices that may apply to the supply of electricity to eligible customers in areas of the territory not interconnected to the continental metropolitan system.

In the case of residential users whose household income in the light of the composition of the family is less than a specified maximum, the tariffs shall take account of the essential nature of electricity by instituting a special tariffication as a "product of primary necessity" for one tranche of their consumption. A decree shall specify the conditions of application of the present paragraph in the context of the provisions of article 43-6 of the aforesaid law n° 88-1088 of December 1, 1988.

Article 5

I – The charges attributable to the public service tasks assigned to the electricity producers shall be fully compensated.

The said charges comprise:

a) pertaining to the production of electricity:

(1) Any extra charges which result, where applicable, from contracts following tendering procedures or the implementation of the purchase obligation referred to in articles 8 and 10, compared to the investment and operating costs avoided by Electricite de France or, where applicable, any avoided by the non-nationalized distributors mentioned in article 23 of the aforesaid law n° 46-628 of 8 April 1945 that are concerned. Costs avoided are calculated on the basis of market prices of electric power or, for the non-nationalized distributors, of transmission tariffs mentioned in article 4 in proportion to the fraction of electric power bought at these tariffs in the total volume of supply with the exception of volumes bought in pursuance of articles 8 and 10. The same values of avoided costs are used to determine the additional costs to be compensated in the case that the corresponding installations are operated by Electricite de France or by a non-nationalized distributor. If the subject-matter of the contract is the purchase of electric power produced on an installation located in a zone, which is not connected to the continental metropolitan system, the extra charges are calculated in relation to the part, appertaining to production, of tariffs for non-eligible customers.



(2) Extra electricity generation charges in areas not interconnected to the continental metropolitan system, which, because of the particularities of the generating facilities characteristic of such areas, are not covered by the fraction relating to generation in the tariffs for sale to non-eligible customers or by any price maxima specified by section I of article 4.

6) pertaining to the supply of electricity:

1° Lost profits or costs incurred by electricity suppliers as a result of the introduction of the special "product of primary necessity" tariffication, mentioned in the last paragraph of part I of article 4;

2° Costs incurred by electricity suppliers as a result of their participation in the mechanism created to aid citizens in need and mentioned in part 1° of part III of article 2. These costs are taken into account within a certain percent of the charges incurred by electricity suppliers as a result of the "product of primary necessity" tariffication of electricity, mentioned in the previous paragraph. This percentage is set by the Minister of energy.

The said charges shall be calculated on the basis of appropriate accounts kept by the operators who incur them. The said accounts, which are kept in accordance with the rules set out by the Electricity Regulation Commission, shall be audited at their expense by an auditor or, in the case of state-owned entities, by their public book-keeper. They may also be audited, at their expense and at the request of the Electricity Regulation Commission, by an independent body approved by the Commission. The minister for energy shall determine the amount of the charges annually on the proposal of the Electricity Regulation Commission.

The compensation of the charges to the operators who incur them shall be covered by contributions of final consumers of electric power located within the national territory.

The amount of the said charges is calculated in proportion to electric power consumed. However, electric power produced by a producer for internal consumption or purchased for internal consumption by a final consumer from a third party that used an installation located on the consumption site to produce it, is taken into consideration when calculating the sum of the contribution starting only from 240 millions kWh a year per production site.

The sum of the contribution per consumption site to be paid by final consumers mentioned in the first paragraph of part I of article 22 may not exceed 500000 euros. The same ceiling is not applicable to the contribution owed by enterprises mentioned in the second paragraph of part I of article 22 for electric traction consumed within the national territory and to the contribution owed by enterprises mentioned in the second paragraph of part I of article 22 for electricity consumed downstream from electricity delivery points in an electrically interconnected system.

The amount of the contribution applicable for each kWh is calculated so as to ensure that these contributions cover the entirety of the charges referred to in a and b, as well as administrative charges incurred by the Caisse des depots et consignations, mentioned below, and the budget of the national intermediary of the electric power industry. The minister for energy determines the sum of the contribution annually on the proposal of the Electricity Regulation Commission. The amount of the annual contribution, fixed for one year, is applicable to the following actions up to the entry into force of new amounts for that year.

The contribution applicable to each kWh may not exceed 7 % of the tariff for the sale of one kWh, excluding taxes, corresponding to a subscription with a capacity of 6 kVA not taking into consideration reductions and high seasons.

Contributions of eligible final consumers, who have made use of the rights accorded to them pursuant to part III of article 22 and are aided by the systems of transmission or systems of distribution of energy, are collected by the operator in charge of the system, to which the consumer is connected, in the form of an additional surcharge to the tariff for the use of the systems. The contributions of non-eligible final and eligible consumers, who do not use the rights accorded to them pursuant to part III of article 22, are recovered by the organization in charge of supplying them energy in the form of surcharge to the tariff set for the sale of electricity. The sum of the contribution is collected by the aforementioned organization depending on the volume of electricity supplied to the contributor, who pays it together with his electricity bill or bill for the use of systems. Actually recovered contributions are handed over to the operators that incur the charges of public service by the Caisse des depots et consignations.



Producers of electricity for internal consumption and final consumers that are not serviced by the systems of transmission or systems of distribution of energy make the contribution right before the end of the month following each semester. To do so, they must send a declaration indicating the quantity of electricity consumed during the corresponding semester to the Electricity Regulation Commission and the Caisse des depots et consignations. During the same period of time they pay their contribution to the Caisse des depots et consignations, which is then distributed in favor of the operators incurring charges of public service. If the contributors mentioned in this paragraph fail to fulfill their obligations, the Electricity Regulation Commission proceeds to recover the contributions due, after having notified the interested party of its observations. If necessary the Commission issues a court order.

The Caisse des depots et consignations transfers the collected amounts to the operators that incur the charges of public service mentioned in 1° and 2° of items (a) and (b) four times a year. It also transfers to the national intermediary of the electric power industry a sum equal to its budget on January 1 of every year.

La Caisse des depots et consignations keeps separate accounts for the different operations that it conducts. Administrative costs incurred by the Caisse are determined annually by the ministers for energy and economy.

Without prejudice to the application of sanctions stipulated by article 41, in the case of lack or insufficiency of payment of the contribution during two months starting from the date when it was due, the Electricity Regulation Commission sends a dunning letter that includes a penalty for late payment with a fixed amount of 10 % of the sum of the contribution due.

The stipulations of the paragraph below are not applicable to persons who benefit or have benefited from the mechanism mentioned in 1° of part III of article 2.

If the sum of contributions collected does not correspond to the actual sum of charges incurred during that year, next year a regularization mechanism is introduced to cover the charges for the previous year. The sums that were not collected during one year are added to the sum of charges for the next.

Every year the Electricity Regulation Commission evaluates in its annual report the functioning of the mechanism related to the charges of public service in electricity specified in this section I.

I.-2 – Final consumers of electricity acquiring electricity produced from a renewable energy source or by means of cogeneration in another Member-State of the European Union may demand a refund of a part of their contribution paid in application of section I for this electricity, if they are able to prove its origin. The total amount of the refund is calculated on the basis of the contribution paid for this electricity times the fraction that represents, in the charges related to the goals of public services, the additional charges mentioned in 1° of section I.

The producers and suppliers that sell electricity produced from a renewable energy source or by means of cogeneration in other Member-State of the European Union and thus benefit from a guarantee of origin pay a contribution for this electricity. The total amount of this contribution is equal to the fraction that represents, in the charges related to the goals of public services, the additional charges mentioned in 1° of section I for the production of the volume of kilowatt-hour sold times the contribution applicable to each kilowatt-hour consumed pursuant to section I.

I.-3 – Whereas the electricity acquired under the conditions stipulated by articles 8, 10 and 50 of this law constitutes the object, in favor of the buyer, of an escalation due to its origin, the amount of this escalation is deducted from the charges of public service for this buyer.

II. – In the context of the distribution monopoly, the charges resulting from the tasks mentioned in section II of article 2 relating to the operation of the public systems shall be divided between the distribution bodies by the electricity equalization fund established by article 33 of the aforesaid law n° 46-628 of 8 April 1946.

The said charges comprise:

(1) All or part of the costs incurred by the distribution bodies which, because of the particularities of the public distribution systems that they operate or of their customers, are not covered by the fraction relating to use of the said systems in the tariffs for sale to non-eligible customers and by the tariffs for use of the public distribution systems;

(2) To ensure the presence of the public electricity service, participation in spatial planning through the implementation of appropriate resources in the areas defined in article 42 of law n° 95-115 of 4 February 1995 providing strategic direction for spatial planning and development.



III. – If a contributor fails to pay the contributions specified in sections I or II above, the minister for energy shall order an administrative sanction in accordance with the conditions stipulated by article 41 of this law.

IV. – Decrees in the Conseil d'Etat shall specify the detailed implementation of this article.

Order № 2001-531 of June 20, 2001 On granting aid to persons experiencing hardship in order to preserve or ensure their access to electric power

Chapter I

Department commissions

Art. 1 – Department commissions, established pursuant to department conventions provided for by paragraph 3 of article L. 261-4 of the Social Action and Family Code, are authorized to grant aid in electric power supply, which is set out in article 2 of the aforementioned law of February 10, 2000, as well as to take preventive measures specified in chapter III of the present order.

Each department commission grants aid and determines its amount in accordance with the criteria set forward in this order.

Chapter II

Aid in paying outstanding bills

Art. 2. – Any person, who has concluded a contract for the supply of electricity, experiencing difficulty in paying his electricity bill for his main place of residence as a result of a situation of hardship and unable to reach an amicable arrangement with his may address an application for aid in paying electricity bills to the department commission office. If necessary or at the request of the person concerned the application may be filed through the intermediary or with the support of social services.

Any person at risk of their electricity supply being suspended for non-payment, having filled the application for aid in paying electricity bills is entitled to a maintained supply of electricity with a minimum capacity of at least 3 kVA, while awaiting the decision of the department commission.

Art. 3. – when making the decision whether to grant aid or not as well as when determining its amount department commissions should use the following criteria:

- the social index of household income as defined below;
- the fraction of spending on electricity bills in household incomes that are defined below.

They should also take into consideration the following factors:

- household spending ;
- household composition of the applicant;
- health of members of the household;
- the existence of a possible handicap ;
- the characteristics of the lodging and its electric equipment;
- the presence of children or elderly persons in the household;
- the possibility of outstanding indebtedness.

The social index of household income is calculated as the sum of all household revenues as defined by the last paragraph of article 20 of the aforementioned order of October 22, 1999 divided by the number of units of consumption that comprise the household.

The persons that are part of the household are accounted for as units of consumption, which are determined on the basis of this paragraph. The first or only person of the household constitutes one unit of consumption, the second person is taken into account as 0.5 units of consumption, the third and all following persons constitute 0.3 units of consumption. If the household includes over two children or dependent adults under the age of twenty five, unless this person is a spouse, a common-law spouse or a concubine, each person starting from the third child or person constitutes 0.4 units of consumption.

Department commissions may not base their decision to refuse aid on the origin of the applicant, the frequency or regularity of their revenues or the sum of their debt to the electricity distribution organization.



Art. 4. – The aid consists in fully or partially paying for the outstanding bills to the distribution organization. This payment may be conducted by means of a grant, of a reimbursable advance payment or both depending on the applicant's situation.

Chapter III

Preventive measures

Art. 5. – Department commissions may also suggest to persons mentioned in paragraph one of article 2 of this order regardless of whether they receive not measures and information on reducing future electricity bills or facilitating their payment, such as advice on controlling electricity consumption, tariffication consultations, examination of electrical equipment, seeking funds for the replacement of electrical equipment, installation of corresponding meters. These suggestions and propositions are prepared in collaboration with electricity distributors.

Department commissions may also inform these persons on authorities that are able of granting aid out of budgetary funds.

Art. 6. – Pursuant to the stipulations of department conventions, department commissions may assist persons specified in paragraph one of article 2 according to the criteria listed in article 3 by granting them preventive aid in paying electricity bills on the basis of future annual consumption calculated by electricity distributors. These aids may be granted of their own initiative after examining an application for aid in paying outstanding bills or upon a specific demand of the persons concerned.

Chapter IV

Functioning of commissions

Art. 7. – EDF and the non-nationalized distributors referred to in article 23 of the aforementioned law of April 8, 1946 provide to department commissions only the information that is necessary to deal with applications for aid and propose preventive measures.

They participate in financing the package of measures set forward by this order, including the cost of running department commission offices, in accordance with the national convention and the conventions of departments provided for by paragraph 3 of article L. 261-4 of the Social Action and Family Code.

Each department convention provided for by paragraph 3 of article L. 261-4 of the Social Action and Family Code sets out the conditions of department commission functioning, in particular - the maximum time span between the date of filing the application and the notification of the decision.

Art. 8. – Every year, department commissions issue an annual report on their activities for the aid in electricity supply. This report points out the input of each party of the department convention.

This report is transmitted to the regional supervisory council for public electricity service.

Art. 9. – Department conventions precise on the conditions of informing consumers of the dispositions resulting from the present order.

Art. 10. – The Minister for economy finance and energy, the Minister for employment and solidarity and the Deputy-Minister for industry are responsible, each on his part, for the application of the present order, which shall be published in the Official Journal of the French Republic.

Order n° 2004-325 of April 8, 2004 on the special tariffication of electricity as a "product of primary necessity"

Article 1

The possibility to benefit from the tariffication of electricity as a "product of primary necessity" provided for by article 4 of aforesaid law of February 10, 2000 is open, upon their request and only for their primary place of residence, to persons that have concluded a contract for electricity supply, if their annual household income as defined by articles L. 861-1 and R. 861-2 to R. 861-16 of the Social Security Code are equal to or less than a sum fixed by the annex to the present order.

While many contracts may be concluded within one household, the special tariffication provided for by the preceding paragraph is applicable to one contract. In this case the number of units of consumption as defined by paragraph two of article 4 of the present order is calculated on the number of members of the household.



Article 2

For the beneficiary the tariffication of electricity as a "product of primary necessity" is determined on the basis of electricity sales tariffs exclusive of reductions and high-seasonality for non-eligible buyers who have subscribed to the same capacity within the limit of 9 kVA by applying a percent of reduction off the fixed part of the tariff and off the price of energy within the a monthly consumption limit. The reduction depends on the number of consumption units in the family.

The annex to the present order sets the monthly consumption limit and the percentages of reduction that are mentioned in the previous paragraph. They may be adjusted upon the decision of the ministers of economy, energy and social affairs having consulted the Electricity Regulation Commission. The amount of annual household incomes, mentioned in article 1 may be adjusted in the same way.

Article 3

Benefiting from this tariffication is not an obstacle to obtaining any other forms of aid provided for by the aforementioned order of June 20, 2001.

Article 4

Health insurance authorities provide electricity distributors or bodies responsible for civil registration with names, surnames and addresses of persons that fulfill the income condition mentioned in article 1, as well as the number of members of the household as defined by article R. 861-2 of the Social Security Code. No information received from health insurance authorities may be kept longer than thirteen months. The information is transmitted at least once in every 4 months. On the basis of this information electricity distributors or bodies responsible for civil registration address a special attestation, specifying the number of consumption units in the household and allowing to benefit from the special tariffication of electricity, to persons who are entitled to receive this benefit.

The first or only member of the household constitutes one unit of consumption. All following family members constitute a certain fraction of a consumption unit equal to the increase of the income limit specified in article R. 861-3 of the Social Security Code.

Applicants for the special tariffication send the attestation mentioned in the previous paragraph to their electricity distributor, having completed it with the specifications of their contract for electricity supply.

A duly completed application is filed and kept for thirteen months starting from the date it was received by the electricity distributor or body responsible for civil registration.

Special tariffication is applied to the person during one year starting from the date that a duly completed application was sent.

In the case of cancellation of the contract before the year ends, the distributor sends a copy of the attestation to the person concerned.

All measures necessary for the safety and confidentiality of information are being taken. Employees responsible for collecting and processing data are obliged to maintain its confidentiality.

The persons concerned are notified of the fact that their data has been transmitted to electricity distributors or bodies responsible for civil registration; they are also informed of their rights of access and appeal.



Article 4-1

Persons entitled to special tariffication pursuant to the present order also benefit from free commissioning and contract registration, as well as an 80% discount of the charges for displacement due to an interruption of electricity supply as a result of non-payment.

Article 5

All service costs incurred by health insurance authorities as a result of the application of the present order shall be compensated by electricity distributors.

Article 6

The provisions of the present order shall enter into legal force on the first day of the ninth month following its publication in the Official Journal of the French Republic.

APPENDIX

The level of annual household incomes mentioned in paragraph one of article 1 of the present order is set at 5 520 EUR.

The discount provided for by article 2 of this order is calculated depending on the number of units of consumption according to the following table:

Amount of units of consumption	Discount
1	30%
1<units of consumption<2	40%
>2 units of consumption	50%

The consumption unit mentioned in article 2 of the present order amounts to 100 kilowatt-hours.



BASIC TERMS AND DEFINITIONS

ABBREVIATIONS

AC	– Authorized capital
AO-Energo	– Open Joint-Stock Power and Electrification Company
ATS	– Administrator of Trading System
CDA UES of Russia	– Central Dispatch Administration of Unified Energy System of Russia
CHPP	– Combined Heat and Power Plant (also: Heat Power Plant)
CSC FOREM	– Contract and Settlement Center of the Federal Wholesale Market of Electric Power and Capacity
DAM	– Day Ahead Market
DGC	– Distribution Grid Company
EGRUL	– Uniform State Register of Legal Entities
FEC	– Federal Energy Commission
FGC	– Federal Grid Company
FOREM	– Federal Wholesale Market of Electric Power and Capacity
GTP	– Gas Turbine Plant
HEPP	– Hydroelectric Power Plant
HPP	– Heat Power Plant
IES	– Integrated Energy Systems
IDA	– Integrated Dispatch Administration
IDGC	– Interregional Distribution Grid Company
Interregional Trunk GC	– Interregional Trunk Grid Company
NOREM	– New Wholesale Electricity (Capacity) Market
PU	– Plant Unit
RBC	– Regulated Bilateral Contract
REC	– Regional Energy Commission
RDA	– Regional Dispatch Administration
RGC	– Regional Generation Company
S&A	– Subsidiaries and Affiliates
SDPP	– State District Power Plant (heat power plants in Russia)
SO-CDA UES of Russia (SO)	– System Operator – Central Dispatch Administration of Unified Energy System of Russia
TGC	– Territorial Generation Company
TrunkGC	– Trunk Grid Company
UESR	– Unified Energy System of Russia
UNPG	– Unified National Power Grid
WCR	– Wholesale Electric and Heat Energy Consumers and Resellers
WGC	– Generation Company of the Wholesale Electricity Market

TERMS AND DEFINITIONS*

Administrator of Trading System (ATS) – nonprofit partnership company, the main purpose of which is to render trade services on the wholesale electric power (capacity) market; as well as financial management of electric power supplies and services being rendered to wholesale market entities; ensuring equal opportunities for all entities of the wholesale electric power market; protection of electric power suppliers and buyers; enhancement of efficiency of the electric power production and consumption.

"Basic Scenario" of the AO-Energo reform – reform of the AO-Energo through AO-Energo re-organization by means of proportional distribution of shares between the shareholders of the re-organized company, and creation of network, generating, sales and other special-purpose companies. (Decision of RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

* RAO UES of Russia - Basic Terms and Definitions Reference Book.



Initial Balance Sheets – balance sheets of the companies emerging following the re-organization, and the bookkeeping balance sheet of the re-organized company as on the date of state registration of companies founded resulting from re-organization (RAO UESR adjustment standard for separation balance sheets of AO-Energo, budgeted initial balance sheets and initial balance sheets of the companies emerging following the re-organization).

Guaranteeing Supplier – a profit-making company bound to execute electric power sales contracts with any applicant consumer or any individual acting for and on behalf of the consumer and willing to purchase the electric power, pursuant to the electric power industry regulations or in accordance with voluntary commitments. (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Wholesale Generation Companies (WGC) – generation companies founded on the basis of electric power plants pursuant to the Guidelines for Reform of the Electric Power Industry of the Russian Federation (approved by Russian Government Resolution No. 526 of July 11, 2001; Russian Government Order No. 1254-p of September 1, 2003; Russian Government Order No. 1367-p of October 25, 2004; and Decision of RAO UESR Board of Directors No. 125 of August 15, 2002).

Unified National (All-Russian) Power Grid (UNPG) – the total of power transmission lines and electric grid facilities subject to the unified operational and engineering control, being of strategic importance for a non-interrupted electric power supply of consumers and functioning of the wholesale electric power market, as well as to ensure parallel functioning of the UES of Russia and electric power systems of other countries, including the electric power export and import (Russian Government Resolution No. 881 of December 21, 2001 "On the Criteria of Trunk Transmission Lines and Grid Facilities Attribution to the Unified National Power Grid").

Unified Energy System of Russia (UESR) – the total of production facilities and other property items of electric power industry interconnected by the unified process of electric energy production (including the combined-cycle production of electric and heat energy) and transmission under the centralized dispatching control of the electric power industry (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Interregional Trunk Grid Companies (Interregional Trunk GC) – companies formed by means of consolidation of network or generation companies created in the course of the Russian electric power industry reform, following the AO-Energo reform (Interregional Distribution Grid Companies, Trunk Grid Companies, Territorial Generation Companies), as well as by means of foundation on the basis of AO-FESs and AO-stations (generation companies of the wholesale electric power market) (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002).

Interregional Distribution Grid Companies (IDGC) – open joint-stock companies founded on the territorial basis and receiving the shares of Distribution Grid Companies. (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

Trunk Grid Companies (TrunkGC) – open joint-stock companies emerging from the AO-Energo reform and acquiring the electric grid facilities within the Unified National (all-Russian) Power Grid (Federal Law No. 36-FZ of March 26, 2003 "On the Specifics of Electric Power Industry Functioning during the Transition Period"; Decision of the RAO UES of Russia Board of Directors No. 125 of 15.08.2002).

"Non-Basic Scenario" of the AO-Energo Reform – reform scenario that differs from the basic one and provides for segregation of AO-Energo by the type of activity, which is applicable in cases requiring the individual approach (reform of the Far East Power Systems, low-competition power systems, companies with financial uncertainty, etc.) (2003-2008 RAO UESR Strategy Concept).

Integrated Energy System – the total of several power systems integrated by a common operating regime and the unified dispatching control.



Electric Grid Facilities – electric transmission lines, transformer and other substations, distributing points and other equipment meant for ensuring the electric connection and electric power transmission (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Electric Power Industry Facilities – items of property used directly in the process of electric power production and transmission, dispatching control in the electric power industry and electric power sales, including electric grid facilities (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Wholesale Market of Electric Power (OREM) – sphere of circulation of a specific product – electric power (capacity) within the Unified Energy System and the Common Economic Space of the Russian Federation, involving big electric power producers and consumers with the status of wholesale market entities and operating on the basis of the wholesale market regulations approved by the Russian Government in accordance with the Federal Law "On the Electric Power Industry". The criteria allowing to attribute the electric power producers and consumers to the category of big producers and consumers are established by the Russian Government (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Cross-Subsidy – settlement of damages arising from low rates established for a specific consumer group (population, consumers funded from budgets of different levels, etc.) at the expense of consumers paying higher rates.

Budgeted Initial Balance Sheet – forecast bookkeeping figures of the AO-Energo separation balance sheets as on the anticipated registration date of companies emerging in the process of re-organization.

Unbundling by activity type – structural breakdown of naturally monopolistic and potentially competitive activities involving their detachment into independent companies (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry"; Federal Law No. 36-FZ of March 26, 2003 "On the Specifics of Electric Power Industry Functioning During the Transition Period", 2003-2008 RAO UESR Strategy Concept "5+5").

Separation Balance Sheet – document (package) to be approved by the Annual General Meeting of the company undergoing re-organization, complete with provisions for legal succession of all rights and obligations of the company undergoing re-organization, on the basis of which a certain part of rights and obligations of the above company shall be transferred to each emerging company.

Distribution Grid Companies (DGC) – open joint stock companies resulting from the AO-Energo reform on the basis of electric grid facilities not included in the Unified National (All-Russian) Power Grid (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

Regional Generation Companies (RGC) – open joint stock companies resulting from the AO-Energo reform, based on the generation assets not subject to inclusion into the WGC (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept).

Repair and Service Company in the Electric Power Industry – a company whose basic activity is scientific-and-design support and (or) repair and maintenance of equipment, buildings and structures ensuring the electric and heat power production, transmission, distribution and sales, including the dispatching control.

Electric Power Market Reform – transformation of the federal wholesale electric power (capacity) market into an adequate and competitive electric power market, including the creation of efficient retail electric power markets to ensure smooth power supply to consumers (Russian Government Resolution No. 526 of July 11, 2001 "On the Reform of Electric Power Industry of the Russian Federation").



Free Trade Sector – a sector engaged in wholesale trade of a certain amount of electric power by means of conclusion and execution of bilateral sales contracts, and by means of selection of the buyers' and vendors' price bids in free-market (non-regulated) prices (Russian Government Resolution No. 643 of October 24, 2003 "Electric Power Wholesale Market – Transition Period Regulations").

Wholesale Market Entities – legal entities duly authorized to participate in the relations associated with electric power circulation on the wholesale market pursuant to the wholesale market regulations approved by the Russian Government (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Electric Power Industry Entities – entities and persons engaged in the electric power industry, including electric and heat power production, electric power supply (sales), power supply to consumers, rendering of services associated with electric power transmission and dispatching control in the electric power industry and electric power sales including management thereof (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").

Territorial Generation Companies (TGC) – open joint-stock companies founded in the course of interregional integration of generation assets owned by AO-Energo (Regional Generation Companies), except for the generation assets to be included in WGC (Decision of the RAO UESR Board of Directors No. 111 of March 06, 2002; 2003-2008 RAO UESR Strategy Concept; and Decision of the RAO UESR Board of Directors No. 125 of August 15, 2002).

Management Company – company rendering contractual services on performing the functions of the other companies' (AO-Energo, AO-FESs, AO-stations etc.) sole executive bodies (Federal Law "On Joint Stock Companies").

Dispatching Control Services in the Electric Power Industry – package of measures for the centralized management of production cycles of engineering devices employed at electric power plants, power grids and power-receiving equipment of load-controlled electric power consumers for the purpose to ensure a non-interrupted power supply and electric power quality complying with applicable technical regulations and other mandatory requirements (Federal Law No. 35-FZ of March 26, 2003 "On the Electric Power Industry").



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