

**Approved**  
by the decision of the Board of Directors

Protocol No. \_\_\_ of April 29, 2009

**Approved**  
by the decision of the annual General  
Shareholder Meeting

Protocol No. of \_\_\_\_\_, 2009.



**Open Joint Stock Company  
The Second Generation Company  
of Electric Energy Wholesale Market**

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# **Annual Financial Report**

**of the Open Joint Stock Company  
The Second Generation Company  
of Electric Energy Wholesale Market  
upon the financial results of the year 2008**

Moscow

This report was made up in accordance with the requirements stipulated by the order of the Federal Service on Financial Markets of October 10, 2006 (as in force on August 30, 2007) No. 06-117/pz-n "On approval of provisions for disclosure of information by the issuers of equity securities" and incorporates information allowing the shareholders to evaluate the results of the annual activity of the Open Joint Stock Company "The Second Generation Company Of Electric Energy Wholesale Market" (OAO "OGK-2", hereinafter "The Company").

In accordance with the requirements of clause 3 Art. 88 of the Federal Law of December 26, 1995 (as in force on December 30, 2008) No. 208-FZ "On Joint Stock Companies", clause 3.2 of the resolution of the Federal Commission for the Securities Market (as in force on February 7, 2003) No. 17/ps "On approval of provisions for supplementary requirements as to procedure of preparation, calling and holding of the General shareholder meeting" reliability of information appearing herein is approved by the Internal Audit Commission in a closing statement.

**General Director**

\_\_\_\_\_ **S.V. Neveynitsyn**

**Deputy General Director  
on Economics and Finance**

\_\_\_\_\_ **N.V. Vaitulenis**

**Chief Accountant**

\_\_\_\_\_ **L.V. Klishch**

## Contents

<b>Address to shareholders by the Chairman of the Board of Directors</b>	<b>4</b>
<b>Address to shareholders by the General Director of the Company</b>	<b>5</b>
<b>1. General information</b>	<b>6</b>
1.1. Mission, targets and tasks	6
1.2. Geographic location	6
1.3. Short history of the Company	7
1.4. Organizational Structure	8
1.5. Market analysis, competitive environment	9
1.6. Risk Management	13
1.7. Business priorities	13
<b>2. Primary results of activities</b>	<b>15</b>
2.1. Performance Indicators	15
2.2. Indexes of accident rate and employment injuries	19
2.3. Financial Data	20
<b>3. Corporate governance</b>	<b>26</b>
3.1. Principles of corporate governance	26
3.2. The Board of Directors	28
3.3. Executive bodies	32
3.4. Internal Audit Commission	33
3.5. Authorized capital and issuing activity	34
3.6. Company's securities	35
<b>4. Social responsibility</b>	<b>39</b>
4.1. Environmental Protection	39
4.2. Social partnership	45
<b>5. Vision of the future</b>	<b>47</b>
5.1. Future objectives	47
5.2. New construction	47
5.3. Reconstruction and technical upgrade	48
5.4. Execution of reliability improvement programs	51
5.5. Development of information technologies	52
Reference information	53
<b>Declaration of the Board of Management</b>	<b>54</b>
<b>Annex 1. Execution of Corporate conduct code</b>	<b>55</b>
<b>Annex 2. List of transactions effected by the Company in 2008</b>	<b>62</b>
<b>Annex 3. Specifications</b>	<b>67</b>

## **Address to the shareholders by the Chairman of the Board of Directors**

**Dear Shareholders,**

The primary event for the Company in 2008 was the end of reorganization of the RAO UES of Russia, which resulted in change of the core owner. With change of the principal shareholders the Company obtained a new professional management team able of solving the most difficult problems. One of the first achievements of the new management was keeping the best part of the personnel and reinforcing it with young professionals.

Changes caused by the world financial and economic crisis did not influence the Company's activities by far. We are experienced in the ways of working effectively in the new conditions and will do everything to ensure normal operation of our power plants. Full-scale realization of the production and maintenance program and the program of technical upgrading and reconstruction requires reliable operation of the primary equipment and is the basis of uninterrupted power supply to consumers. At the same time the activities connected with optimization of the organizational framework and business processes of the Company are the guarantee of the sustainable capitalization growth of the Company in the future. Unification of the corporate documents guarantees efficient control of the Company's compliance with the international standards of financial and corporate reporting.

We consider realization of the investment program a priority direction for the development of the Company. We are sure that commissioning of new facilities is the foundation and the basic condition for further successful development of the Company. Construction of the new power units at the power plants of Troitsk, Serov and Stavropol will not only fortify the Company's positions in these regions, but also will increase cash flow in the Company due to more effective operation of the new equipment. And this undoubtedly answers the main purposes of the shareholders, that is, increase of net profit and capitalization of the Company.

Regardless of the world stock market decline the Company has huge market potential due to the largest free-float among the Russian heat generation companies. Participation of the independent representatives in the Board of Directors guarantees observance of the statutory rights of minority shareholders.

In 2009 we will continue active and consistent work of achieving the goals of the Company, improving our positions in the industry and taking further care of the growing prosperity of our shareholders. And I have no doubt that the immense production potential and active cooperation of the shareholders with the Board of Directors and the professional team of managers, combined with high proficiency and responsibility of the JSC "OGK-2" personnel are the things assuring me of the fact that these goals will be successfully achieved.

**Chairman of the Board of Directors**

**D. V. Fyodorov**

## **Address to the shareholders by the General Director**

### **Dear Shareholders,**

The year of 2008 was a trying year for the “OGK-2”: change of the core shareholder, organizational changes, unstable financial and economic situation in the country, and other processes continuously tested our strength.

Unfortunately, the world financial crisis has thrown into question the realization of our investment plans. We planned to finish construction of new facilities during the five coming years with use of bank financing and sale of new shares to the investors, but today these plans have to be changed. The current situation, specifics of the national economy and priorities of the industry's development form new goals both for the OGK-2 and the industry as a whole.

The main goal stays the same - reliable and uninterrupted supply of the Russian consumers.

Now we are working on building new strategic challenges aimed at enhancement of the Company's efficiency. We are heading this way solving many issues and tasks, and first of all, we do it by improving management efficiency and gaining new competitive advantages for the Company.

Forming the body of top executive management is still a primary task. The former management left the Company in May 2008. They also received their exit pays (golden parachutes), which were not agreed upon with the shareholders. They amounted to 557 mln rubles, which is an unprecedented figure for the industry. This resulted in a situation where the Company was unable to make profit or pay out dividends at the end of the year.

It is almost a year since the RAO UES of Russia is out of business. During that period the Company's management, the branch management and personnel did a lot to ensure stable operation of the power plants, their industrial safety, efficient interaction with the state authorities and energy market regulators.

It is evident that our core activities require the most of our attention and effort. But the time is not right now to focus exclusively on energy generation. It takes a complex approach to business today. We have what it takes: unique technological expertise, personnel and improving financial situation in the Company.

The process of forming a foundation for further development of the Company as a modern technological enterprise is under way. The perspective joint projects are in the process of consideration with the heads of the regional governments. Now we discuss the issues of creating a retail supplier company in partnership with the administration of Stavropol region. Also in process of discussion is the construction of production facilities using ash to produce construction materials (the South Ural). There are people willing to invest in these projects. The mechanism of realization of such ideas still needs to be developed.

I have no doubt that with active participation of our shareholders the management of the Company is able to solve the tasks in a highly professional manner so that to ensure leadership of the OGK-2 among the Russian generation companies.

Wishing you success and prosperity!

**General Director**

**S.V. Neveynitsyn**

## 1. General information

### 1.1. Mission, targets and tasks

The Company is a team of professionals having experience of advanced effective management and joined by common goals and ideas.

#### *Mission*

- Leadership in production and sale of electric energy among the wholesale heat generation companies.
- Use of modern management and production technologies.
- Improvement of the Company's status as a socially responsible business in accordance with the international standards.

#### *Target*

- Enhancement of business efficiency, forming stable positive trend of development, increasing capitalization of the Company.

#### *Development strategy is aimed at reaching the following targets:*

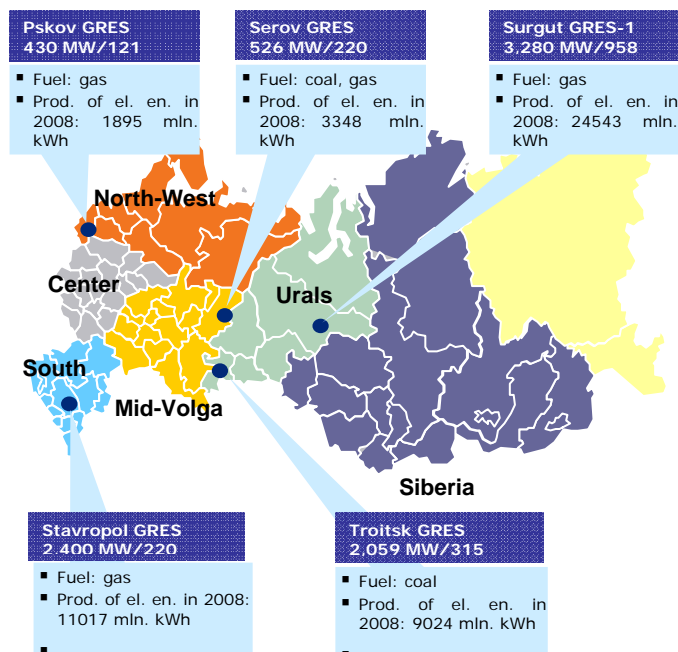
- Increasing the market value of the Company;
- Sustaining high level of competitiveness;
- Improvement of heat and electric energy production technologies and managerial solutions;
- Gaining stable contacts with the stakeholders (consumers, investors, shareholders, public organizations and the state).

#### *The strategy defines the following objectives:*

- Assurance of reliability and efficiency of the stations, development of the fuel infrastructure and assurance of the required volume of operating capacity with a high performance level;
- Profit enhancement and further growth of other financial indicators testifying to reliability, stability and administrative efficiency of the Company;
- Implementation of the Investment program (achieving necessary parameters of efficiency, optimization of target values of the project budget);
- Further expansion of the Company's presence on the heat and energy market.

### 1.2. Geographic location

The Company operates on the Russian wholesale market of electric energy (power), which is a unified market for the whole territory of Russia.



### 1.3. Short history

The Company was formed in process of reformation of the power industry by decision of the sole founder (OJSC RAO "UES of Russia") and registered on the 9th of March, 2005 by the Inspectorate of the Federal Tax Service, Izobilnensky municipal district of the Stavropol Territory, No. 2607; Legal address: Stavropol Territory, Izobilnensky municipal district, village of Solnechnodolsk. As per Decree of the Government of the Russian Federation of September 1, 2003. No. 1254-r the Company affiliated the Pskov GRES, the Serov GRES, the Stavropol GRES, the Surgut GRES-1 and the Troitsk GRES.

In 2005 the Company concluded contracts on delegation of authority of the executive bodies of the OJSC "Pskov GRES", the OJSC "Serov GRES", the OJSC "Stavropol GRES", the OJSC "Surgut GRES-1", and the OJSC "Troitsk GRES" to the Company.

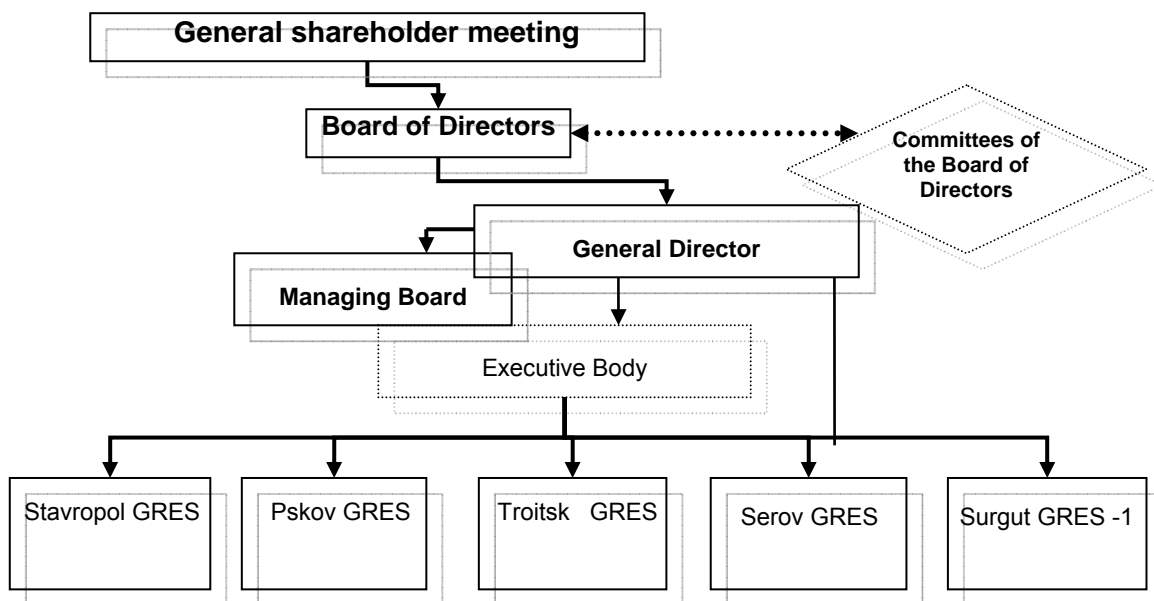
As of September 29, 2006, OJSC GRES ceased to exist as separate legal entities and became the branches of the Company.

In 2007, with the purpose of attracting investments in the Company conducted an additional equity offering, which was made available to all investors including foreign (IPO with listing on the Primary market of the London Stock Exchange).

On the 1st of July, 2008, the second reorganization of the Company took place in the form of affiliation of the OJSC "OGK-2 Holding", which was separated from the OJSC RAO "UES of Russia".

## 1.4. Organizational structure

### *Management structure*



## 1.5. Market analysis and competitive environment

Installed electric capacity - 8 695 MW, installed thermal capacity – 1 834 Gcal/h

The Company ranks third in production volume and installed capacity among the Russian wholesale heat generation companies. The capacities of the stations are very much in demand on the market, which is confirmed by a high level of load - in 2008 the plant capacity factor was 65.2 percent, which is 2.2 % higher as compared to 2007.

Average age of facilities is 34 years, which places the Company second among the competitors on the wholesale market (for comparison, average age of facilities for the OGK-4 is 31 years and 45 years for OGK-5).

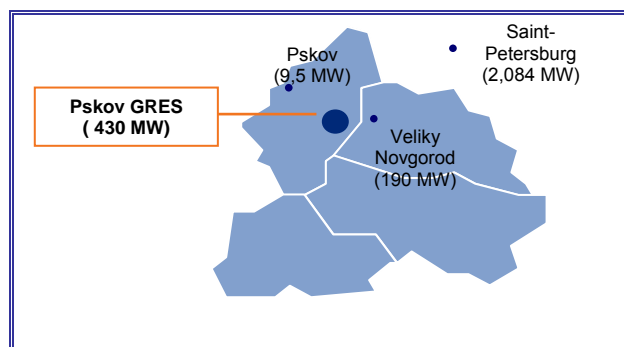
Expertly, share of energy supply is 5.9 % of aggregate consumption of the 1st price zone.

Expertly, share of power supply is 6.5 % of aggregate power supply to the 1st price zone.

The core competitors of the Company on the wholesale electric energy market are five generation companies (OJSC "OGK-1", OJSC "OGK-3", OJSC "OGK-4", OJSC "OGK-5", OJSC "OGK-6"), OJSC "RusGidro", and the State corporation "Rosatom". In process of planning and reformation of the OJSC RAO "UES of Russia" the power plants of each OGK were selected so that each company had comparable starting conditions on the market (installed capacity, value of assets, average equipment wear). Each OGK incorporates stations located in different regions of the country, which minimizes potential for monopoly abuse. Independent heat generation companies are the principal competitors on the wholesale energy market. Free competition with each other and with other generation companies determines market prices to a great degree.

Emergence of new competitors in the nearest future is only possible in case of restructuring of the current competitors. Furthermore, there is a possibility of change in production share of the Company in view of change in installed capacities of competing companies. Now the plans determined by the Government of the Russian Federation in accordance with the investment programs for the implementation of new facilities are in process of coordination and optimization (atomic and hydroelectric stations included in the General plan for the development of electric power industry until the year 2020, also, coordination of implementation volume of the new thermal power capacities included in the Agreements on granting power capacities).

### *Pskov GRES*



The **Pskov GRES** is the part of the North-Western Integrated Energy system (OES Severo-Zapada), the Pskov region, village of Dedovichi. Area of the Pskov region: 55 300 sq. km. Population: 747 300.

Plant age: 16 years (start-up years: 1993-1996).

Fuel balance: gas (100%).

Plant capacity factor in 2008 was 50%, which is 4.1% higher as compared to 2007.

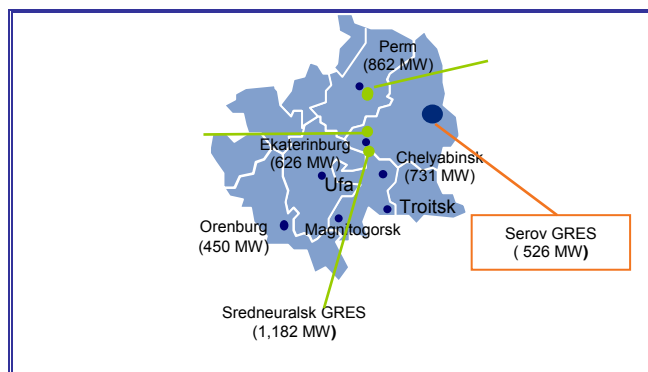
In the end of 2008 there was a 2.5.% decrease in consumption of electric energy produced by the North-West Integrated Energy system (OES Severo-Zapada) as compared to the same period of 2007. The plant capacity factor in December of 2008 was 46.1%, which is the annual average of the plant.

The load ratio and location of the stations in the North-West Integrated Energy system makes it possible to export to power networks of Belarus and the Baltic states, due to the place of the Pskov GRES in the power grid, which ensures parallel operation of these power networks with the Unified Energy System of Russia.

In accordance with these factors the Pskov GRES is unconditionally dependent on production and demand for electric energy, also in the Baltic states and Belarus.

The only competitor of the Pskov GRES is the Kirishi GRES (OAO "OGK-6") which also has modular condensing equipment at the load center of the Lenenergo-Pskovenergo-Baltic Integrated Energy system. However, the equipment of the Pskov GRES combines high maneuverability with lower cost parameters as compared to the Kirishi GRES, which ensures priority load of this power station on condition of sufficient gas supply.

### *Serov GRES*



The **Serov GRES** is located in the Serovo-Bogoslovsky junction, where aluminum and ferroalloy production facilities are concentrated (Sverdlovsk region, city of Serov). Area of Sverdlovsk region: 195 000 sq. km. Population: 4 670 000.

Plant age: 55 years (start-up years: 1954-1959).

Fuel balance: gas (70%), coal (30%).

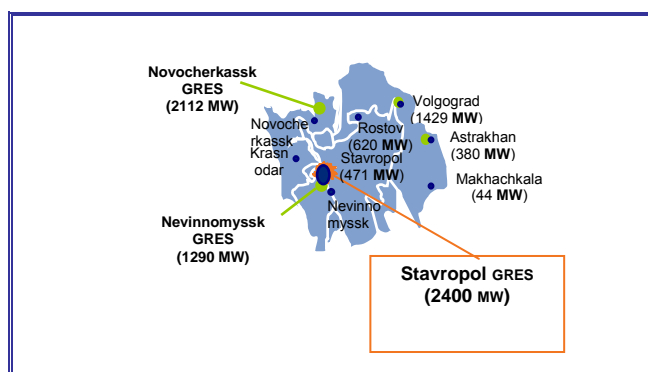
The plant capacity factor in 2008 was 72.5%, which is 5.5% higher as compared to 2007.

The Serov GRES is located in the Serovo-Bogoslovsky junction, which experiences acute shortage of electricity, not only for the production purposes, but also for the community needs. The station can vary the load to compensate for irregular daily consumption schedule.

In the end of 2008 there was an 8.5 % decrease in consumption of electric energy produced by the North-West Integrated Energy system (OES Severo-Zapada) as compared to the same period in 2007. The plant capacity factor in December of 2008 was 72.3%, which is the annual average of the plant.

Competitors: The Bogoslovskaya combined heat power plant (OAO TGK-9) which is more dependent on consumer heat demand and has lesser installed capacity (as compared to the Serov GRES).

## Stavropol GRES



The **Stavropol GRES** is the part of the South Integrated Energy system (OES Yuga), Stavropol krai, village of Solnechnodolsk, Izobilnensky municipal district). It is a highly-maneuverable station, which plays a key role in sustaining the system reliability of the South Integrated Energy system. Area of Stavropol krai: 66 500 sq. km. Population: 1 491 600.

Plant age: 34 years (start-up years - 1975-1983).

Fuel balance: gas (97%), fuel oil (3%).

Plant capacity factor in 2008 was 52.3%, which is 6.1% higher as compared to 2007.

The load of the power plant makes export supplies to Georgia and Azerbaijan technologically feasible. This also refers to power interchange support in the backbone power network of the South Integrated Energy System. This power plant is one of the major emergency control centers in the South Integrated Energy System.

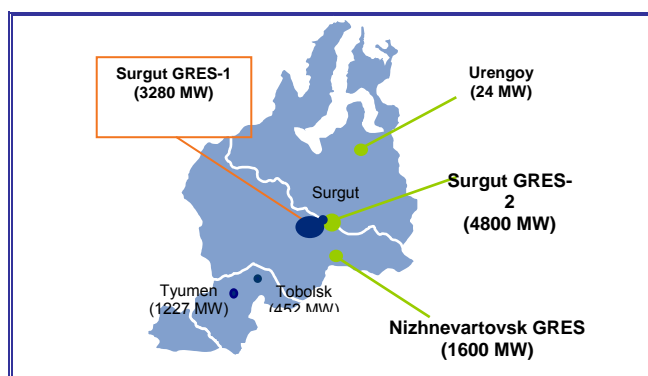
In the end of 2008 there was a 5% decrease in consumption of electric energy produced by the OES Yuga (South Integrated Energy system) as compared to the same period in 2007. The plant capacity factor in December of 2008 was 63%, which is higher than the annual average of the plant and corresponds to the plant capacity factor of December, 2007.

In the South Integrated Energy system the Stavropol GRES is in competition with the Nevinnomysk GRES (OAO "OGK-5") and the Novocherkassk GRES (OAO "OGK-6"). Among the advantages of the Stavropol GRES are optimal performance characteristics, wide-range speed regulation capabilities (load increase/drop), fully covering consumption schedule using maximum capacity of the station.

The Novocherkassk GRES uses coal as primary fuel. The power units of the Nevinnomysk GRES show a considerable rate of equipment wear, lower regulating range, and lower rates of load increase and load dropping.

Two stations running on gas (Stavropol GRES and Nevinnomysk GRES) contribute to a more favorable environmental situation in the region.

## *Surgut GRES-1*



**The Surgut GRES-1** is a part of the Ural Integrated Energy system (OES Urala), Khanty-Mansi Autonomous Okrug, Tyumen region, village of Kedrovyy). Area of Khanty-Mansi Autonomous Okrug: 523 100 sq. km. Population: 1 301 000

Plant age: 37 years (start-up years: 1972-1983).

Fuel balance: gas (100%).

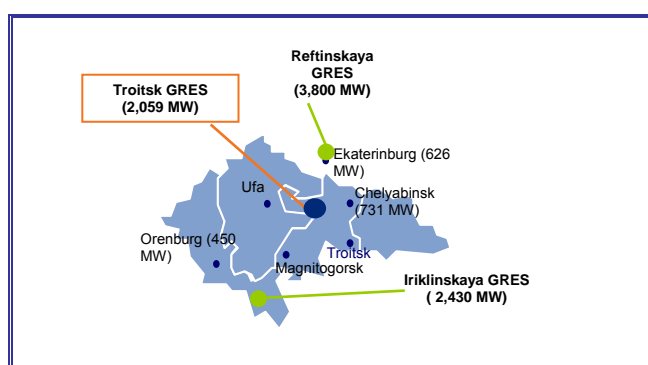
The plant capacity factor in 2008 was 85.2%, which corresponds to the plant capacity factor of 2007.

The Surgut GRES is located in close vicinity to a major industrial hub with oil and gas supply companies, which generates high demand for electric energy offered for sale by the power plant.

For several years home region of the power plant demonstrated high level of energy consumption growth (at least 5 % per year). Considering decrease in consumption for the Ural Integrated Energy system of 8.5 % by the end of 2008, the Tyumen energy system demonstrates a positive trend in demand, which results in 100 % consumption of electric energy offered by the plant. The plant capacity factor in December of 2008 was 83%, which is the annual average of the plant.

Core competitors: The Nizhnevartovsk GRES (OAO "OGK-1") and the Surgut GRES-2 (OAO "OGK-4"). The Surgut GRES-2 as compared with competitors has the least maneuvering capabilities, however the installed capacity of each power unit of competitors is four times greater than the installed capacity of each power unit of the Surgut GRES-1.

## *Troitsk GRES*



**The Troitsk GRES** is the part of the Ural Integrated Energy system (OES Urala), Chelyabinsk region, city of Troitsk-5, located in the energy transfer zone of Yekaterinburg-Chelyabinsk-Magnitogorsk, and along the direct supply line to the Northern Kazakhstan. Area of Chelyabinsk region: 87 900 sq. km. Population: 3 634 000.

Plant age: 49 years (start-up years: 1960-1976).

Fuel balance: coal (100%).

The plant capacity factor in 2008 was 49.9%, which is 0.2% lower as compared to 2007.

The station is characterized as highly volatile in conditions of network limitations.

The location of the station makes production volume directly dependent on demand for electric energy, which demonstrates a downward trend in the recent months. The plant capacity factor in December of 2008 was 64%, which is 12% higher as compared to 2007. This is stipulated by the fact that the Troitsk GRES is a major condensation power plant of system-wide importance.

The Yuzhno-Uralsk GRES (OAO "OGK-3") can be pointed out as a primary competitor. At the same time 87 % of installed capacity of the Troitsk GRES is made up by the power units of 300 and 500 MW having wider range of power loading control. In addition to that, the Yuzhno-Uralsk GRES has higher energy production cost due to the fact that here fuel component of energy production is gas (primary fuel used by the power units of the Yuzhno-Uralsk GRES), which is higher than fuel component of Troitsk GRES, where primary fuel is Ekibastuz coal.

## **1.6. Risk management**

### ***Company's policy in risk management***

The power industry is one of the leading industries of Russia, its share in gross domestic product is 10-11 %. Furthermore, the power industry is an infrastructure branch of economy. Most ultimate consumers of the industry products are in the Russian Federation. This is why the state of power industry to a great extent is governed by other industry sectors. The world financial and economic crisis influences the Russian economy in a negative way. The general decline in production is the cause of energy consumption reduction in the country, and as a consequence results in lower turnover and lower revenue of the energy companies. The situation is aggravated by the fact that one of the major industrial consumers of electric energy is the metallurgy industry, which suffered greatly during the crisis. Besides, standing expenses of the energy companies are traditionally high and hardly depend on turnover.

The situation is aggravated by the fact that the Russian power industry feels the lack of investment and experiences problems with credit resources, which results in adjustment of volumes and dates of commissioning of the new facilities. Since autumn of 2008 the price boost risks grew substantially (also due to a high inflation); this refers to fuel, equipment and other material and technical resources. Also, there is a risk of energy prices and rates for electric energy and power going down (due to decrease in demand).

The activities of the Company aimed at risk reduction and reliable supply of electric energy to consumers:

- timely maintenance, repair, modernization, reconstruction and technical upgrade;
- construction of the new generation systems;
- enhancement of operational efficiency and realization of considered financial policy (through economy and optimization of expenses);
- conclusion of long-term contracts for supply of electric and heat energy;
- creating competitive environment in the sphere of procurement and services.

## **1.7. Business priorities**

Business priorities of the Company are:

- production (inclusive of environmental issues);
- sales (operations on energy markets);
- implementation of investment projects;
- corporate governance

*The results of activities in the sphere of "Production"* are assurance of reliability and uninterrupted operation of the power stations during heat deficit period (autumn-winter). As concerns the environmental issues in 2008 the Board of Directors approved a new revision of the Environmental Policy, the Guidelines for realization of the environmental policy for the years 2008-2015, and the

Program for realization of environmental policy for the years 2008-2010. At the same time in 2008 the Company started implementation of MS ISO 14001:2004 "The systems of environmental management. Standards and directions for use". The executive body and the Stavropol GRES were certified for compliance to MS ISO 14001:2004. Currently the work of expanding certification to the rest of the stations is in progress.

*The results in the line of activity "Operations on energy markets"* are increase in the volume of sales on the national wholesale market of electric energy (power) by 28.3 % using free-of-control prices. Since January 1, 2001, electric energy and power shall be delivered in full volume using free-of-control prices, exclusive of community supplies, where the rates are regulated by the Government. The power station of the Company sells their heat energy on the retail market in the regions of their location. Furthermore, considering changes in the regulatory structure of the wholesale energy and power market, the Company actively participates in sale of power using the free-of-control prices and the mechanisms of open and over-the-counter trade in electric energy and power.

*The results of activities in the sphere of "Realization of investment projects"* are execution of the coordinated scope of work on realization of investment projects in harsh conditions of the global systemic economic and financial crisis.

Due to unstable situation the Company initiated a number of measures to optimize the structure of projects and vital conditions for their implementation. The Company carried out a systemic analysis of the factors influencing the process of investment projects realization, specifically, execution and compliance with conditions of the contracts with main works contractors, possibilities of attracting others, dynamics of energy consumption in the regions where the power stations of the Company are located, and also of project financing abilities of the Company, etc.

*The results of activities in the sphere of "Corporate Governance"* are:

- execution of commitments concerning further listing on the primary market of the London Stock Exchange and "A" lists of the Russian RTS and MICEX;

- successful reorganization of the Company in the form of affiliation of the OAO "OGK-2 Holding", separated from the OAO "Unified Energy System of Russia", with its shares converted to the shares of the OAO "OGK-2" (as a result the general owner of the Company changed, and the number of shareholders grew from 14 000 to 350 000);

- ensuring efficient interaction with the shareholders, investors, and authorities of all levels.

## 2. Primary results of activities

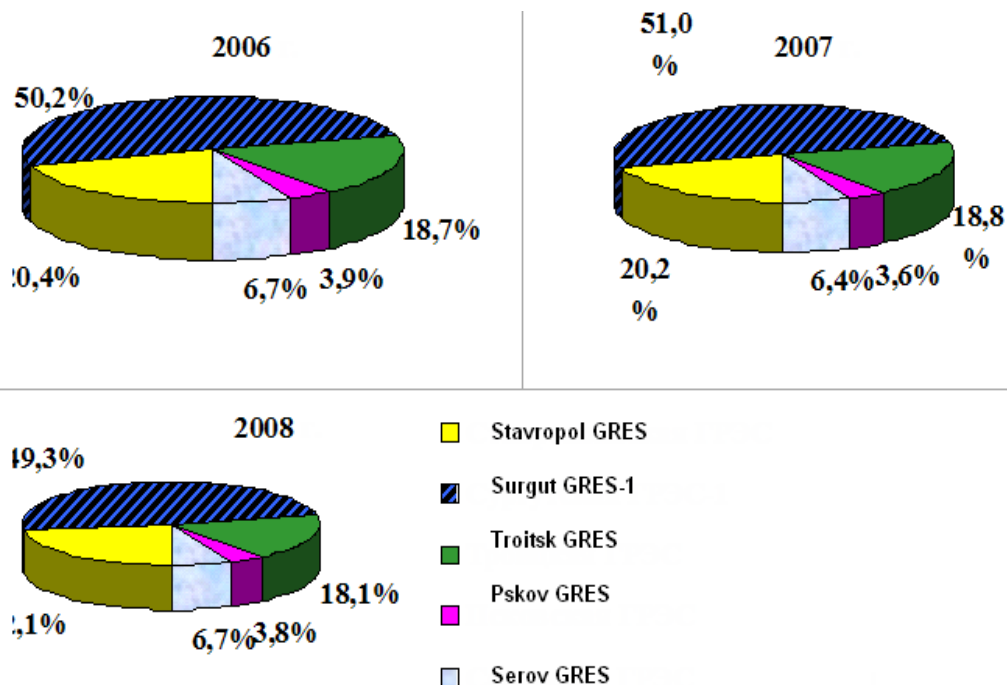
### 2.1. Performance Indicators

#### *Dynamics of working capacity and electric energy production in 2006-2008*

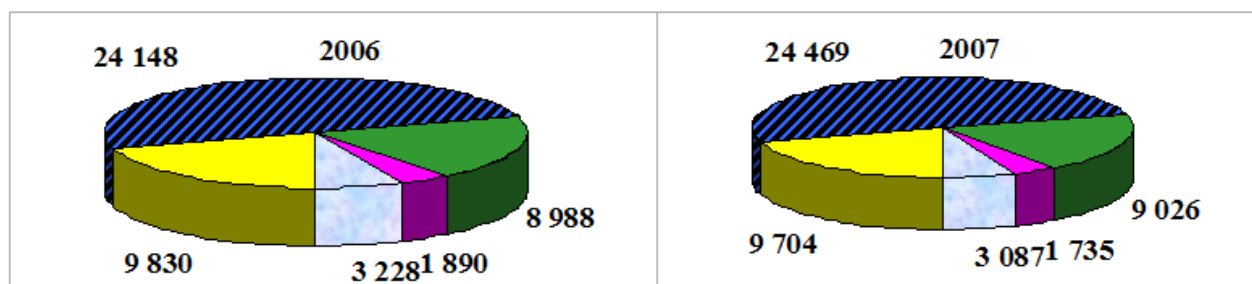
Name of station	Start-up year	Installed capacity, MW	Operating capacity, MW			Electric power generation, mln kWh		
Pskov GRES	1993 – 1996.	430	397,3	339,0	390,8	1 890,0	1 735,4	1 894,5
Serov GRES	1954 – 1959.	526	416,6	438,2	445,4	3 228,3	3 087,2	3 348,3
Stavropol GRES	1975 – 1983.	2400	1894,0	2 045,9	2 020,2	9 830,3	9 703,9	11 016,7
Surgut GRES-1	1972 – 1983.	3280	2861,0	2 920,8	2 900,3	24 147,5	24 469,3	24 543,3
Troitsk GRES	1960 – 1976.	2059	1880,4	1 483,4	1154,3	8 987,6	9 026,3	9 023,8
<b>OGK-2</b>		<b>8695</b>	<b>7 449,3</b>	<b>7 227,3</b>	<b>6 911,0</b>	<b>48 083,7</b>	<b>48 022,1</b>	<b>49 826,6</b>

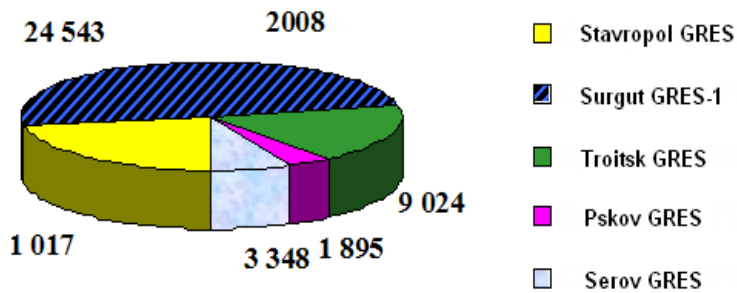
See below, data for the last three years (2006-2008)

#### *Structure of electric energy production, by power plant*

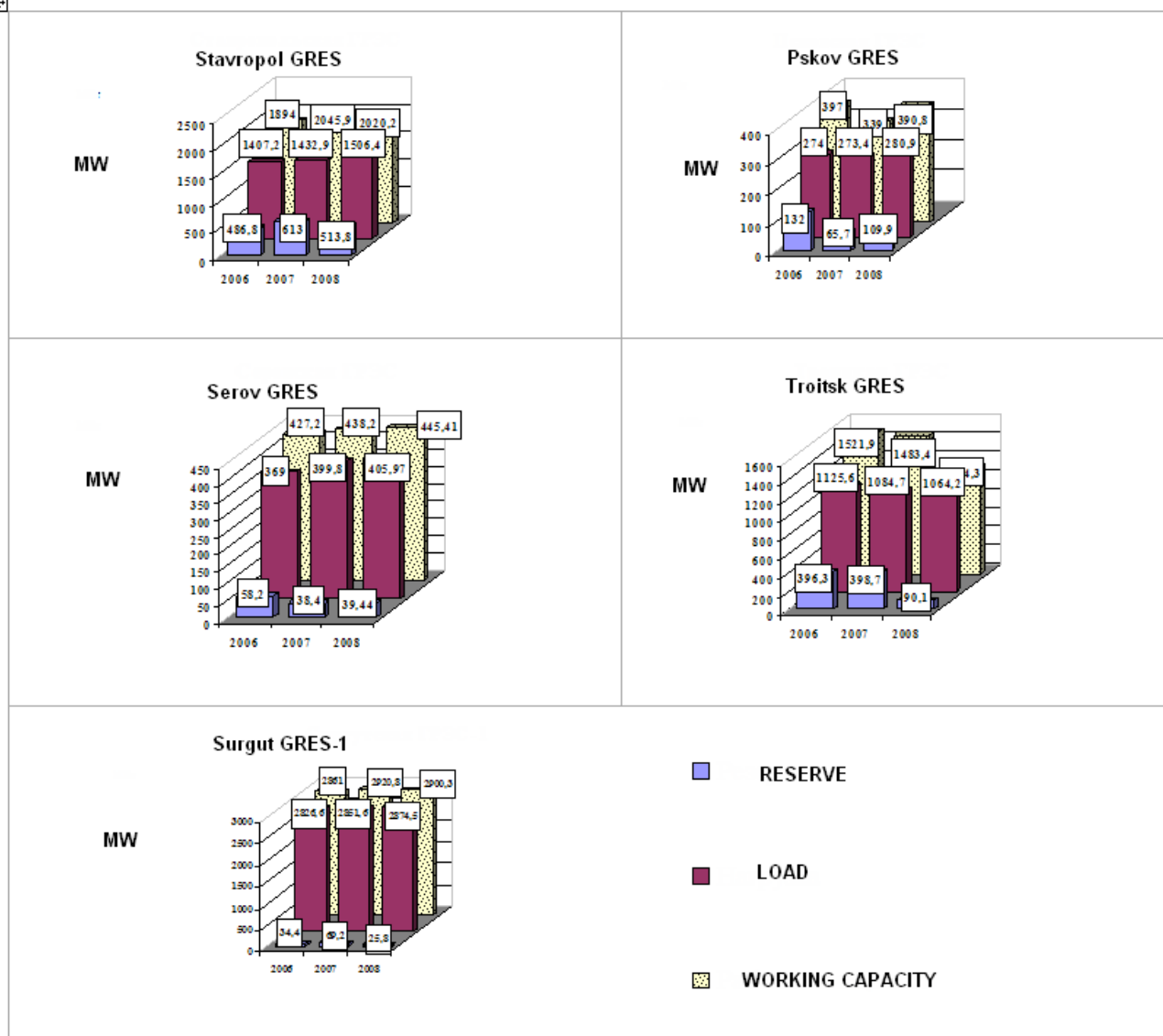


#### *Volume of electric energy production (mln kWh)*

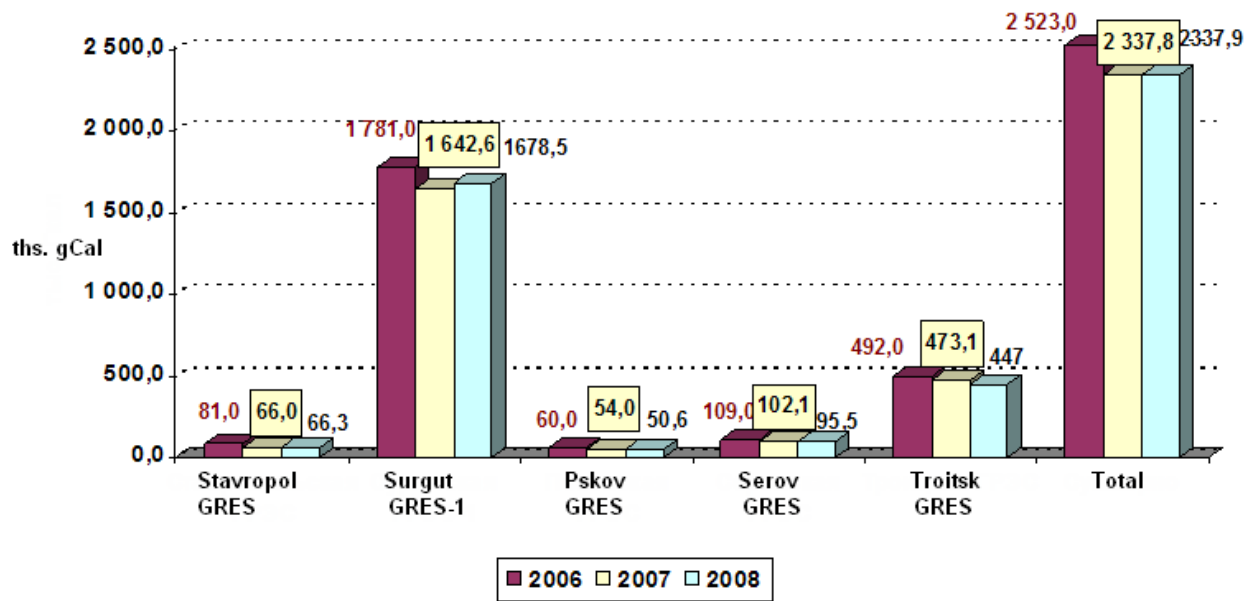




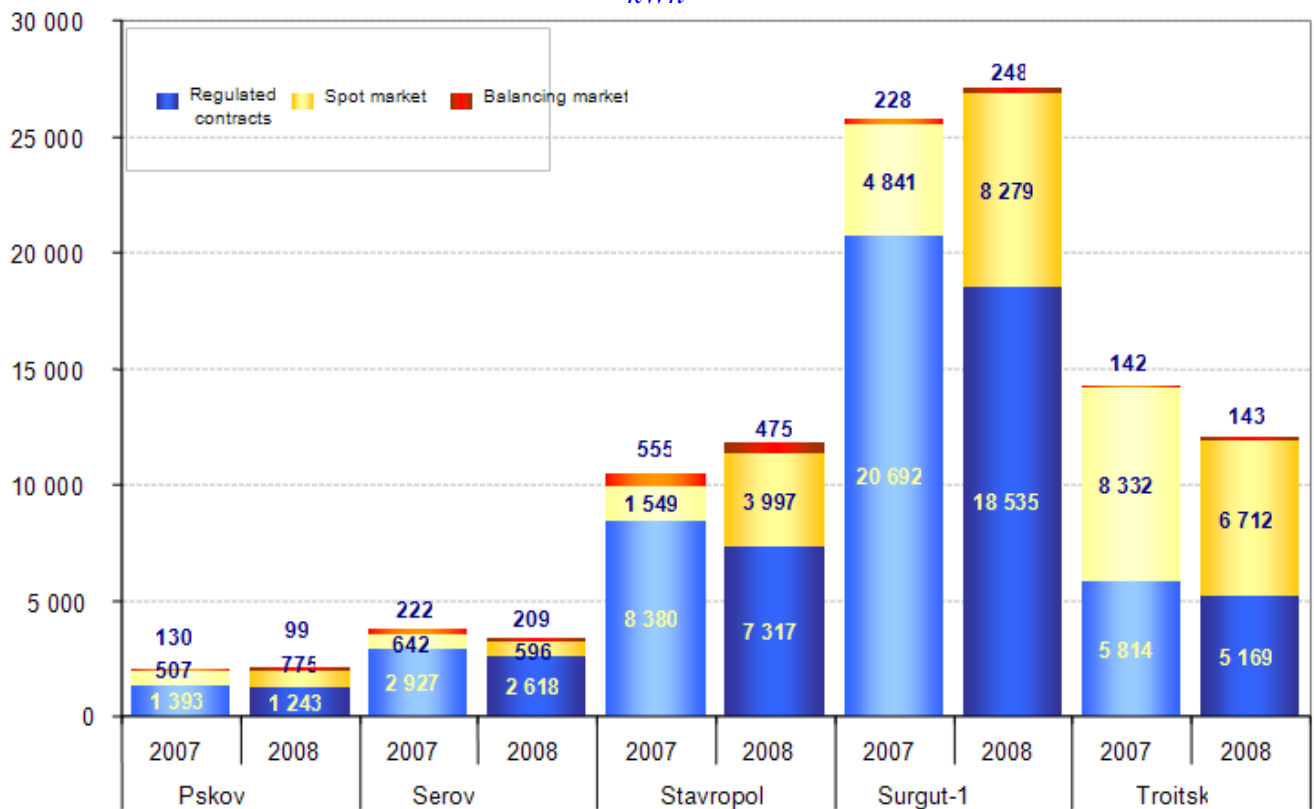
*Load, reserve and actual working capacity of power plants*



*Dynamics of net heat energy supply*

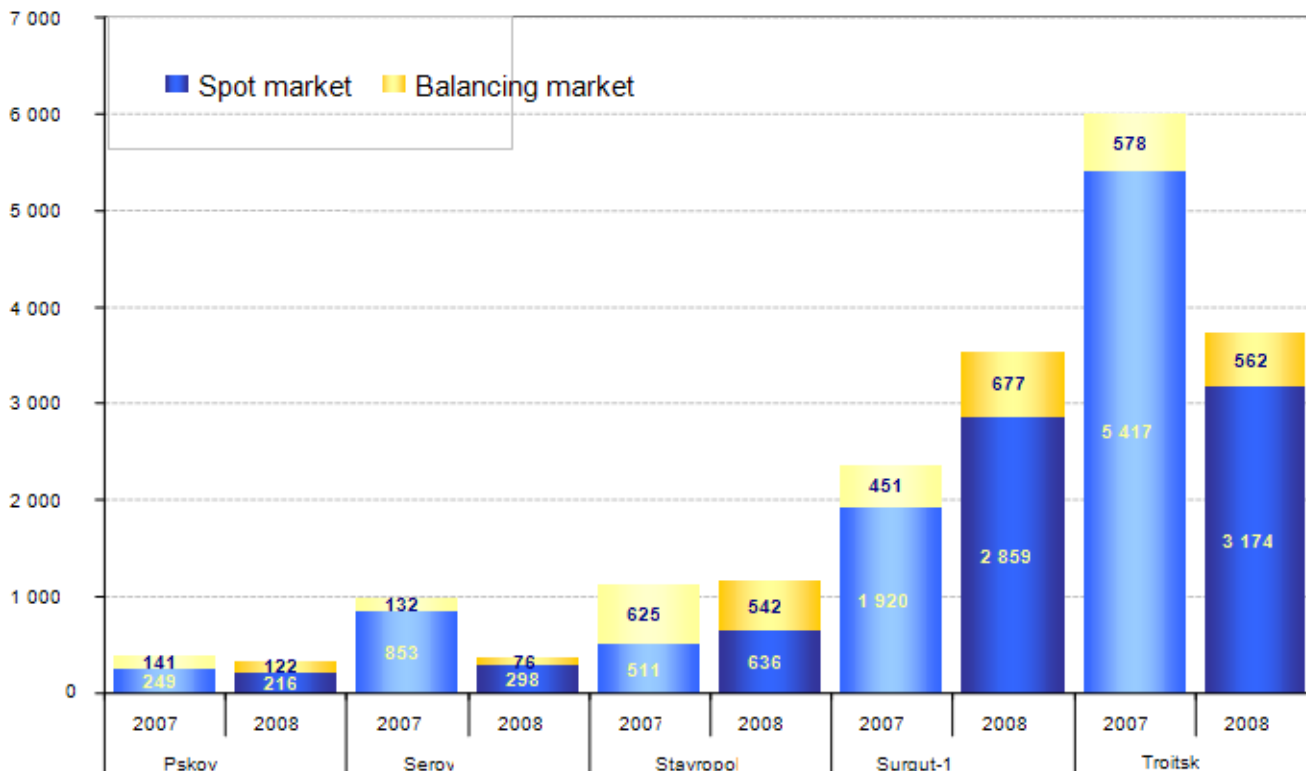


*Volume of electric energy sales by the power plants on the wholesale energy markets in 2007-2008<sup>1</sup>, mln kWh*



<sup>1</sup> Since September of 2006, as per regulation of the Russian Government No. 529 of August 31, 2006, a new model of electric energy (power) wholesale market (NOREM) went into operation. This is why comparing data on volume of sales for the 1st, 2nd and the 3rd quarter of 2006 with previous periods would be incorrect, and therefore they are not represented on diagrams 6 and 7

*The volume of electric energy purchases by the power plants on wholesale energy markets in 2007-2008, mln kWh*

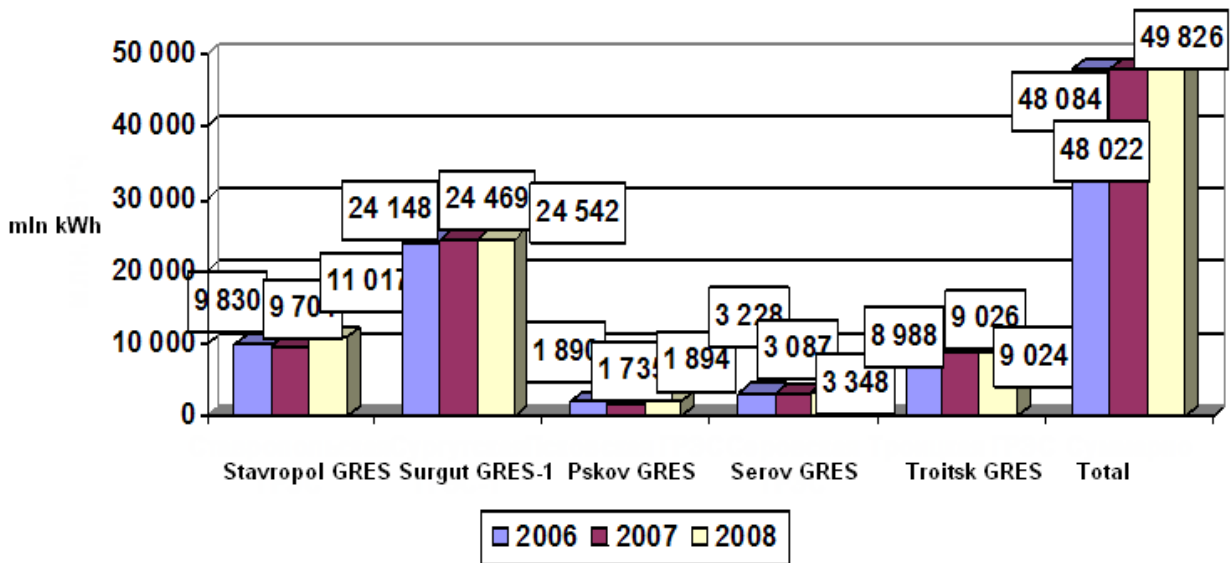


Growth of wholesale market liberalization rate resulted in decline of sales volume of electric energy for regulated contracts. Reduction in sales volume on the spot market is also registered for the Serov GRES and the Troitsk GRES. At the same time there is no reduction in own electric energy production. Such reduction in sales volume is connected with reduction in volume of electric energy purchases as a security of regulated contracts with the purpose of sale on the spot market.

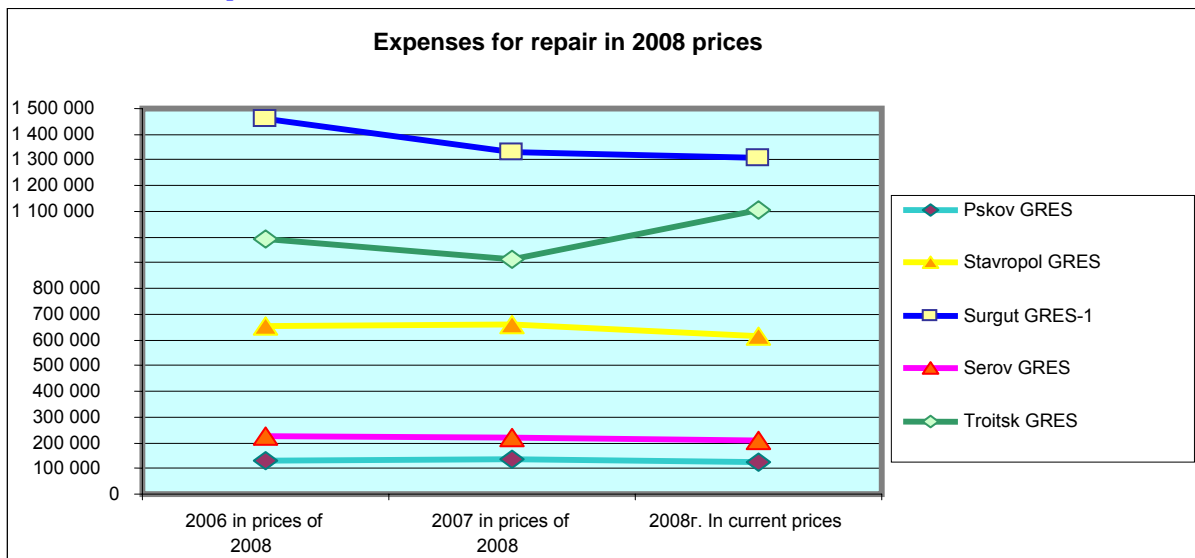
Change in sales volume on the balancing market is insignificant and is mostly conditioned by arbitrary factors.

The principal share of electric energy purchases on the spot market is conditioned by electric energy purchases as a security of regulated contracts with the purpose of sale on the spot market. Change in purchases volume on the balancing market is insignificant and is mostly conditioned by arbitrary factors.

*Volume of electric energy production by the power plants*



*Repair costs in 2008 prices.*



The diagram shows that virtually in all branches, exclusive of the Troitsk GRES, repair costs in 2008 were lower as compared to 2006 (in adjusted prices). Increasing the limit of fixed costs of repair for the Troitsk GRES was conditioned by the need to replace the electrofilters at the power unit No. 5, which was governed by both technical and environmental reasons.

**2.2. Indexes of accident rate and employment injuries**

No accidents registered in branches of the OAO "OGK-2" in 2006-2008. Total number of incidents is roughly unchanged and about 216 failures per year on the average. 215 incidents in 2008, as compared to 217 in 2007. Incident growth at the Troitsk GRES and the Pskov GRES (75 to 97, by 29.3%). Main share (63.2%) of total number of incidents in 2008 was failures of boiler equipment, as compared to 50.7% in 2007. Other equipment groups demonstrated incident reduction.

There were no accidents in 2008. In 2008, a 15% growth of expenses for labor safety and labor arrangements measures as compared to 2007.

### Statistical data on accident rate

Power plants	Accidents			Incidents		
	2008	2007	2006	2008	2007	2006
Pskov GRES	0	0	0	6	5	7
Serov GRES	0	0	0	47	69	68
Stavropol GRES	0	0	0	10	13	16
Surgut GRES-1	0	0	0	55	55	59
Troitsk GRES	0	0	0	97	75	66
Total for OGK-2	0	0	0	215	217	216

### Expenses for labor safety and labor arrangements in 2008.

Item No.	Expenditures for activities (thb rubles)	Pskov GRES	Stavropol GRES	Troitsk GRES	Surgut GRES-1	Serov GRES
1.	Accident prevention	1 723,80	3 880,40	10 143,62	7 023,56	4 021,00
2.	Sanitary-hygienic measures	1 001,90	17 713,00	1 904,11	8 257,03	2 526,00
3.	Improvement of working conditions	297,30	2 436,10	11 240,37	140,00	476,00
4.	Personal protective equipment for personnel	2 160,90	1 311,20	3 043,79	4 183,10	3 568,00
	<b>Total</b>	<b>5 183,90</b>	<b>25 340,70</b>	<b>26 331,89</b>	<b>19 603,69</b>	<b>10 591,00</b>

## 2.3. Financial Data

### Financial data of the Company for 2006-2008.

Indexes	units	2006	2007	2008
Balance-sheet total	thb rub.	17 075 507	43 475 330	45 608 815
Net assets	thb rub.	9 605 090	34 503 664	33 188 592

The positive dynamics in change of the balance-sheet total and net assets in 2007 as compared to 2006 is stipulated by the additional issue (IPO).

The negative dynamics in change of net assets in 2008 as compared to 2007, was caused by outrunning growth of long-term and short-term obligations of the Company as compared to growth of assets and liabilities of the Company.

The Company's assets as of December 31, 2008 were 45 609 mln rub and are structured as follows:

### Dynamics and structure of assets

Name of index	balance sheet line code	Dec 31, 2006		Dec 31, 2007		Dec 31, 2008	
		value, mln rub.	%	value, mln rub.	%	Value, mln rub.	%
<b>Non-current assets</b>	<b>190</b>	<b>10 500</b>	<b>61%</b>	<b>14 517</b>	<b>33%</b>	<b>12 317</b>	<b>27%</b>
intangible assets	110	4	0%	0	0%	0	0%
fixed assets	120	8 960	52%	9 355	21%	9 403	21%
construction in progress	130	1 048	6%	1 555	4%	1 256	3%
income yielding investments into tangible assets	135	7	0%	7	0%	7	0%
long-term financial investments	140	26	0%	2 130	5%	46	0%
deferred tax assets	145	160	1%	84	0%	187	0%
other non-current assets	150	295	2%	1 386	3%	1 418	3%
<b>current assets</b>	<b>290</b>	<b>6 576</b>	<b>39%</b>	<b>28 958</b>	<b>67%</b>	<b>33 292</b>	<b>73%</b>
inventory	210	2 067	12%	2 224	5%	2 727	6%
VAT for assets purchased	220	78	1%	48	0%	63	0%
accounts receivable	230, 240	2 717	16%	5 006	12%	27 273	60%
short-term financial investments	250	542	3%	20 103	46%	1 868	4%
cash assets	260	1 172	7%	1 577	4%	1 361	3%
<b>Total</b>	<b>300</b>	<b>17 076</b>	<b>100%</b>	<b>43 475</b>	<b>100%</b>	<b>45 609</b>	<b>100%</b>

As of December 31, 2008 the biggest share in the structure of Company's assets belongs to current assets (73%), most of which are accounts receivable. The share of non-current assets in the structure of assets as of December 31, 2008 was 27%, most of which were fixed assets.

Considerable change in structure of the Company's assets in 2006-2008 was mainly caused by additional issue (IPO).

The Company's net assets as of December 31, 2008 were 33 189 mln rub.:

*Dynamics and structure of net assets*

Name of index	balance sheet line code	Dec. 31, 2006 mln rub.	Dec. 31, 2007 mln rub.	Dec. 31, 2008 mln rub.
<b>Assets</b>				
Non-current assets	190	10 500	14 517	12 317
intangible assets	110	4	0	0
fixed assets	120	8 960	9 355	9 403
construction in progress	130	1 048	1 555	1 256
income yielding investments into tangible assets	135	7	7	7
long-term financial investments	140	26	2 130	46
deferred tax assets	145	160	84	187
other non-current assets	150	295	1 386	1 418
Current assets	290	6 576	28 958	33 292
stocks	210	2 067	2 224	2 727
VAT for assets purchased	220	78	48	63
accounts receivable	230, 240	2 717	5 006	27 273
short-term financial investments	250	542	20 103	1 868
cash assets	260	1 172	1 577	1 361
Accounts receivable on contributions to registered capital	244	0	0	0
<b>Total (p. 190+290-244)</b>		<b>17 076</b>	<b>43 475</b>	<b>45 609</b>
<b>Liabilities</b>				
Long term liabilities	590	2 783	5 308	5 912
loans and credits	510	2 661	5 189	5 192
deferred tax liabilities	515	122	119	720
Short-term liabilities	690	4 714	3 689	6 514
loans and credits	610	2 922	1 600	2 503
accounts payable	620	1 690	2 064	4 005
debt to beneficiaries (founders) in terms of income payment	630	76	0	0
deferred revenues	640	26	25	6
<b>Total (p. 590+690-640)</b>		<b>7 471</b>	<b>8 971</b>	<b>12 420</b>
<b>Net asset value</b>		<b>9 605</b>	<b>34 504</b>	<b>33 189</b>
<b>in % to total assets</b>		<b>56%</b>	<b>79%</b>	<b>73%</b>

The positive dynamics in change of net assets in 2007 as compared to 2006 is stipulated by the additional issue (IPO). The negative dynamics in change of net assets in 2008 as compared to 2008, was caused by outrunning growth of long-term and short-term obligations of the Company as compared to growth of assets and liabilities of the Company.

### Financial highlights of activities

Indexes	2006, mln rub.	2007, mln rub.	2008, mln rub.
Revenue	8 259	33 759	40 533
electric and heat energy	7 706	33 677	40 466
Costs of manufacture	(7 407)	(32 640)	(39 739)
electric and heat energy	(7 036)	(32 554)	(39 670)
Sales profit	852	1 119	794
Interest receivable	2	303	546
Interest payable	(94)	(437)	(627)
Other revenues	43	7 171	1 107
Other expenses	(395)	(7 730)	(2 963)
Profit (loss) before tax	408	426	(1 143)
Net income (loss)	147	39	(1 365)

Proceeds from sales in 2008 were 40,5 bln rub., which is higher than last year's actual figures by 6,8 bln rub. or by 20,1%. Main growth of earnings was caused by the growth of sales volume on the spot market (28,3%), and also due to the selling price growth by 25,3%. Costs of production and sales of products costs in 2008 were 39,7 bln rub., which is higher than the last year's figures by 21,75%. Costs of production growth rate in 2008 were higher than the revenues growth rate of the Company (+1,65%). Sales profit of 2008 was 794,4 mln rub. which is 325 mln rub. lower as compared to the previous year.

Actual net loss according to accounting reporting for the year 2008 was 1,4 bln rub., which is 1,96 bln lower as compared to net profit volume (593,5 mln rub.) in approved business plan. Deterioration of financial results in 2008 was mainly caused by other expenses, including deduction of expenses of the option program service and creation of reserves on doubtful debts.

### Comparative figures (cost competitiveness)

Item No.	Indexes	2008 .
1	Return on sales ((p.050 f.2/p.010 f.2)*100%)	1,96
2	Common profitability for the reporting period ((p. 140 f.2/p. 010 f.2)*100%)	-2,82
3	Return on equity (2*p.190 f.2 /(p.490 f.1 for the beginning of the year + p.490 f.1 for the end of the year))*100%	-4,03
4	Return on assets (2* p.190 f.2/(p.300 f.1 for the beginning of the year + p. 300 f.1 for the end of year))*100%	-3,06
5	Economic efficiency of core activities (production of electric and heat energy) ((p. 013 f.2 + p. 011 f.2 - p. 023 f.2 - p.021 f.2)/(p.013 f.2 + p.011 f.2 )*100%)	1,97

Profitability indexes define efficiency of financial and economic activities of the Company. Return on sales showing margin benefit for each ruble of products sold in 2008 was 1,96 %.

Unsatisfactory results of common profitability, return on equity and return on assets in 2008 was connected with negative value of income before tax (-1,143 bln rub.) and realization of net loss (1,365 bln rub.)

Economic efficiency of core activities of the Company in 2008, which characterized production of electric and heat energy and activities of production distribution, was 1,97 %

### Estimation of financial solvency

One of the indexes of financial status of the company is its financial solvency that is ability of timely extinguishment of debts or obligations. Main goal of financial solvency and liquidity analysis is to evaluate the Company's ability to generate cash assets in volume and within the time-limit required for carrying-out of estimated expenditures and payments.

### Main financial ratios used in estimation of liquidity and business solvency

№ Item No.	Index	Normal limitation	Value for the end of reporting period (2007)	Value for the end of reporting period (2008)	Explanation
1	General index of financial solvency (L1)	$L1 \geq 1$	5,5	1,9	Used in integrated assessment of company's financial solvency
2	Absolute liquidity ratio (L2)	$L2 \geq 0,2 - 0,7$	5,9	0,5	Demonstrates, which part of the short-term indebtedness can be redeemed by the organization in the nearest future using cash assets and short-term financial investments.
3	Quick ratio (acid-test ratio, intermediate liquidity ratio) (L3)	permissible $L3 \approx 0,5 - 0,7$ desirable $L3 = 1$	6,6	1,2	Demonstrates, which part of the short-term obligations can be paid immediately using the assets on accounts, the funds in the short-term securities and the receipts on payments.
4	Current liquidity ratio (L4)	Required value 1.5; optimum $L4 \geq 2$	7,9	5,1	Demonstrates, which part of the short-term obligations can be paid by mobilizing all circulating assets.
5	Functioning capital maneuverability ratio (L5)	$L5 \geq 0$	0,2	0,9	Demonstrates, which part of the functioning capital is immobilized in the inventory and the long-term receivables.
6	Share of circulating assets in assets (L6)	$L6 \geq 0,5$	0,7	0,7	Depends on a company's industry.

The analysis of the Company's financial solvency through accounting liquidity shows that financial solvency as of December 31, 2008 can be estimated as good: the Company is capable of discharging its liabilities. Absolute liquidity ratio is within the limits of a recommended range (0,5), that is, about 50 % of the short-term accounts receivable of the Company can be redeemed in the nearest future using the high liquidity assets (cash assets and short-term financial investments). This is also confirmed by existence of the less liquid assets (inventory, short-term and long-term receivables, other circulating assets), acid-test ratios and current liquidity ratios are high, they are about 1,2 and 1,5 respectively and above the specified criterion, which gives the OAO "OGK-2" a sufficient reserve supply for balancing of losses, which the Company can suffer on liquidation of all circulating assets. Values of these three ratios cause a rather high overall ratio of financial solvency, it is 1.9.

Functioning capital maneuverability ratio is 0,9 and shows positive dynamics.

### Evaluation of financial stability

Analysis of financial stability for the specific date shows how efficiently own and borrowed funds are managed by the Company during the reporting period. Actually, this is the ability to make due payments, extensively finance own activities, endure unforeseen disturbances and maintain paying capacity in adversary circumstances. The evaluation of financial stability requires an analysis based on the study of absolute and relative indexes.

During the production process continuous stock replenishment is under way. For that purpose own circulating assets and borrowed funds are used. In process of study of excessive or insufficient funds in stock replenishment the absolute indexes of financial stability are determined. For the purposes of detailed presentation of different sources in stock replenishment the system of indexes is used, that is, a three-component index of financial stability.

### Type of financial stability indexes

№ Item No.	Indexes	Dec. 31, 2007 mln rub.	Dec. 31, 2008 mln rub.
1	Total inventory ( $Zp = p. 210$ )	2 224	2 727
2	Availability of own circulating assets ( $SOS = p. 490 - p. 190$ )	19 961	20 865
3	Functioning capital (availability of own and long-term borrowed sources of stock-forming) $KF = (p. 490 + p. 590) - p. 190$	25 269	26 777
4	Total volume of main sources of stock-forming $VI = (p.490 + p.590 + p.610) - p.190$	26 869	29 281
5	Excess (+) or insufficiency (-) of own circulating assets $\pm F^S = SOS - Zp$	17 737	18 138
6	Excess (+) or insufficiency (-) of own and long-term borrowed sources of stock-forming	23 045	24 050

	$\pm F^T = KF - Zp$		
7	Excess (+) or insufficiency (-) of total volume of main sources of stock-forming $\pm F^O = VI - Zp$	24 645	26 554
8	Three-component index of financial situation S (F)	1;1;1	1;1;1

Due to observable excess of own circulating assets, excess of own and long-term borrowed sources of stock-forming, excess of total value of primary sources of stock-forming, three-component index of financial situation type is  $S(F) = \{1;1;1\}$ , which means that the **Company is financially stable**.

Comparative figures of financial stability characterize degree of the Company's dependence on outward investments and creditors.

#### *Comparative figures of financial stability*

N <sup>o</sup> Item No.	Index	Normal limitation	Value for the end of reporting period (2007)	Value for the end of reporting period (2008)	Explanation
1	Net worth adequacy ratio ( $K_{oss}$ )	should be $> 0,1$ optimum value: $K_{oss} \geq 0,5$	0,69	0,63	Shows, which part of circulating assets is financed using own funds.
2	Financial stability ratio (KFN)	$K_{FN} \geq 0,5$	0,79	0,73	Share of owned assets in asset financing.
3	Financial stability ratio (KFU)	$K_{FU} \geq 0,7$	0,92	0,86	Shows the share of those sources of financing that can be used in the Company's activities for a prolonged period of time.
4	Financing ratio ( $K_F$ )	$K_F \approx 1,5$	3,83	2,67	Shows, which parts of the Company's activities are financed using own and borrowed funds.
5	Accounts receivable/accounts payable ratio	$K_{DKZ} \geq 1$	2,43	6,81	

Net worth adequacy ratio (KOSS) is 0,63. This means that circulating assets can be financed using own sources in the amount of 63%. Financial independence ratio (KFN) is equal to 0,73, which is rather high - 73% of all assets are financed using own resources. Though financial stability ratio (KFU) went down as compared to 2007, it is high and above the specified criterion. Financing ratio (KF) is 2,67, which shows that the Company is capable of covering borrowed funds using own capital in unfavorable circumstances. Accounts receivable/accounts payable ratio is equal to 6,81 - accounts receivable is 6,81 times higher than accounts payable.

#### *Evaluation of business activity*

The business activity indexes (indexes of assets and liabilities turnover) determine how effectively a company uses its assets.

The turnover of all assets of the Company shows rate of their turnover, which is measured by the number of turnovers of all assets for the reporting period. The growth of asset turnover for the reporting period as compared to the prior period mean that asset turnover acceleration is the case; The reduction of asset turnover testifies to a slower asset turnover.

The growth of turnover of all assets is rated as positive on condition of the company's profitability. If the return on sales is negative (i.e. the company is unprofitable), then the growth of asset turnover results in acceleration of unprofitable activities, that is, to accelerated production of losses.

#### *Business activity indexes (indexes of assets and liabilities turnover)*

N <sup>o</sup> Item No.	Index	Value for 2007	Value for 2008.	Explanation
1	Circulating assets turnover ratio ( $K_{OA}$ )	1,9	1,3	Number of full turnovers of the circulating capital for the period under analysis.
1a	Circulating assets turnover ( $O_{OA}$ )	192	280	Characterizes the average period of the circulating assets turnover in days.
2	Return on assets ratio ( $K_F$ )	3,69	4,32	Demonstrates efficiency of the fixed assets utilization in the organization.

№ Item No.	Index	Value for 2007	Value for 2008.	Explanation
3	Inventory turnover ratio ( $K_{OZ}$ )	15,74	16,37	The inventory turnover rate is high, which is a positive factor.
3a	Inventory turnover ( $O_{OZ}$ )	23	22	Characterizes inventory turnover period in days.
44	Receivables turnover ratio ( $K_{DZ}$ )	8,74	2,51	$K_{DZ}$ is equal to 2,51, which testifies to normal receivables turnover.
4a	Receivables turnover ( $O_{OD}$ )	42	145	Receivables turnover is 145 days.
5	Payable turnover ratio ( $K_{KZ}$ )	17,99	13,36	Payable turnover ratio is equal to 13,36 and testifies to the adequate payable turnover.
5a	Payable turnover	20	27	Shows payback time on current liabilities.
6	Ratio of capital turnover and short-term financial investments ( $KD$ )	2,89	3,25	The turnover of high liquidity assets is high which can be viewed as a good factor.
6a	The turnover of cash and short-term financial investments ( $OD$ )	126	112	Characterizes period of cash and short-term financial investments turnover.

Turnover ratios under consideration mainly show negative dynamics for the reporting period. All current assets of the Company have insufficient turnover. Return on assets ratio ( $KF$ ) demonstrates positive dynamics and is equal to 4,32, the fixed assets of the Company are used quite efficiently.

#### *Parameters of financial model of the Company*

Item No.	Parameters	2009	2010	2011	2012
1.	<b>Revenue</b> , including:	40 542	50 386	69 505	85 573
	el.en.	30 775	39 780	57 903	72 948
	- power	8 917	9 612	10 324	11 046
	- heat	781	918	1 198	1 493
	- other	69	75	80	86
	growth		24%	38%	23%
2.	<b>EBITDA</b>	2 549	5 418	13 811	19 157
	growth		113%	155%	39%
	profitability	6%	11%	20%	22%
3.	<b>Net income</b>	550	3 464	8 917	12 662
4.	<b>Operating margin</b>	4%	9%	18%	21%
5.	<b>Depreciation</b>	768	1 018	1 189	1 412
	growth		33%	17%	19%
6.	<b>Cash from operations</b>	2 321	4 435	9 631	14 400
7.	<b>Capital expenses</b>	-2 557	11 999	21 040	18 440
8.	<b>Net debt</b>	-296	6 811	21 171	26 133
9.	<b>Operational expenditures</b> (fuel, man power, water, repair, etc.)	38 761	45 986	56 884	67 814

### 3. Corporate governance

#### 3.1. Principles of corporate governance

As per cl. 3.1. of the Corporate governance code approved by the decision of the Board of September 26, 2006. (protocol No. 43/43), the corporate governance is determined as:

the whole complex of processes ensuring management and control of the Company's activities, also including communications among shareholders, the Board of Directors and executive bodies in the interest of shareholders;

- means of the Company's performance enhancement, strengthening its reputation, reduction of expenditures for raising borrowed or share capital;

- means of strategy formation with the purpose of capitalization improvement, market value of equity and investment appeal of the Company.

The corporate governance includes relations with all interested parties (stakeholders), execution of commitments in accordance with the Russian and international legislation pertaining to delivery of information on the Company's activities, and also within the framework of social responsibility.

#### *Principles of the corporate governance in the Company:*

- Justice (observance of rights and effective system of protection of rights, equal treatment of shareholders and investors);

- Responsibility (recognition and observance of rights of all interested parties (stakeholders), distribution of responsibility principle to all aspects of the Company's activity, cooperation and development of contacts; social responsibility);

- Control evaluation of business management quality through accountability of the Board of Directors to shareholders and accountability of the executive body to the Board of Directors, also regarding the Board of Directors' assignments, and accountability of the executive body to the shareholders;

- Controllability of the executive body by the Internal Audit Commission and the auditor;

- Transparency and informational openness (timely disclosure of reliable information in full volume concerning all important issues and events as regards activities of the Company). Accessibility of information subject to disclosure, mandatory and voluntary, in accordance with international standards and requirements of the stock exchanges dealing in securities of the Company (RTS, MICEX, LSE).

The corporate governance of the Company is regulated and administered in strict compliance with:

- the provisions of the federal legislation and regulatory acts on joint stock companies, the securities markets, issue of securities, defense of competition, the registration of legal entities, the registration of real estate, information disclosure, activities on organization of trade on securities markets.

- rules of the regulators of the Russian Federation (Federal Service on Financial Markets) and of Great Britain (FSA, UKLA);

- listing rules of the Moscow Interbank Currency Exchange, RTS and the London Stock Exchange;

- the Charter and the internal documentation of the Company.

#### *Information on observance of the Corporate governance code by the Company*

The Company is guided by the principles of Corporate governance code recommended for use by the regulation of the Federal Commission for the Securities Market of April 4, 2002. No.421/r. For information on observance of the Corporate governance code by the Company, see Addendum to the present report (Addendum No. 1).

### *Protection of rights and equal treatment of all shareholders and investors*

The corporate governance should ensure protection of the shareholders and investors' rights, guarantee transparency and informational openness of the Company's activities, and afford ground for control and evaluation of business management quality.

The rights of shareholders - stock owners are stipulated by the Art. 6 of the Company's Charter.

### *Building relations with stakeholders*

The Company acknowledges and respects the rights and lawful interests of all interested parties (stakeholders), ensures effective interaction, cooperation and development of relations with the shareholders, investors, investment analysts, representatives of the regional authorities and the municipal government, ecologists and other related parties. The Company intends to carry on the mission of fulfilling obligations in the sphere of social responsibility and continue its work on forming and providing ground for public discussion of all projects of the Company and acknowledgment of stakeholders' interests.

In 2008 the Company provided conditions for contemporaneous, early and full information distribution to all members of the investment community on all key issues including:

- announcement of the operational and financial results for the reporting period;
- reorganization;
- extraordinary (non-standard) events/actions and their financial consequences for the Company;
- key solutions in the sphere of the investment program implementation;
- events not being of great importance, however helping all parties interested understand the current activities of the Company, thus forming a full and diversified picture;
- indicators assisting in building and correction of the valid financial estimation model of the Company for the purposes of the interested investors.

The Company guarantees the equal access to information for all investors, avoiding the policy of information suppression or exclusive access to information of any kind.

### *Control and quality evaluation of corporate governance*

The system of control and quality evaluation of corporate governance provides for the regular control of execution of financial and economic plans, production plans and indexes approved by the Board of Directors and shareholders. Furthermore, the Board of Directors control activities of the executive bodies (General Director and Management Board), passes resolutions on approval of major transactions, interested-party transactions, makes decisions on other vital issues of the Company's activities.

The system of control and quality evaluation of corporate governance includes:

- The Board of Directors;
- Internal Audit Commission;
- Auditor;
- Audit Committee of the Board of Directors;
- Internal Audit Department of the Company

### *Transparency and informational openness*

The Company in accordance with the current Russian and European legislation provides all necessary information to the controlling authorities, makes it available for the mass media and information agencies. After the IPO with listing on London Stock Exchange the Company assumed the obligation of information disclosure in accordance with the rules of the regulatory bodies of Great Britain (FSA и UKLA).

Furthermore, for the purpose of timely public exposure of open, qualitative and reliable information on the Company's activities for the shareholders, investors and other interested parties the Company web site ([www.ogk2.ru](http://www.ogk2.ru)) is in operation since 2005, where information is available both in Russian and English languages.

This web site provides full information on the Company's activities, particularly on financial and economic indicators, production activities (characteristics and working conditions of equipment, plans for reliability and efficiency enhancement of the Company's power plants), sales and procurement activities, competitive tenders. The web site is regularly and simultaneously updated both in Russian and English languages and serves as an effective source of information on the Company.

#### *Plans on improvement of quality of corporate governance*

Main objectives of the corporate governance system improvement for the near future are ensuring the rights and interests of the shareholders, development of relations with the investment community, increase of capitalization and growth of shares liquidity.

For the purpose of corporate governance quality improvement, bringing corporate governance of the Company to conformity with the international standards of corporate governance the following activities are planned for 2009:

- development of corporate social responsibility of the Company;
- Establishment of the Board of Directors' Committee for risks and Committee for corporate conflict settlement;
- keeping up Company's securities in quotation lists "A" of the Russian stock exchanges RTS and MICEX with the purpose of liquidity improvement, support of the GDR listing on the London Stock Exchange.
- development of corporate governance and reporting system transparent for the investors through working-out of additionally disclosed information and carrying-out of requirements of the London regulator (LSE) as related to information disclosure.
- development and improvement of interaction with the investment community.

### **3.2. The Board of Directors**

The Board of Directors is a body carrying out general management of the Company's activities. Members in the Board of Directors of the Company: 11 (eleven).

As per cl. 4, Art. 66 of the Federal Law on Joint Stock Companies, the members of the Board of Directors are elected by cumulative voting of the General meeting of shareholders, where the number of votes of each shareholder is multiplied by the number of persons to be elected to the Board of Directors, and each shareholder has the right to cast his votes for one candidate or share them among two or more candidates. The candidates with the highest vote totals are declared elected to the Board of Directors.

Issues of activity and competence of the Board of directors are determined by the Federal Law "On Joint Stock Companies", by the Charter of the Company and by Provisions on the order of calling and holding of the Board of Directors of the OAO "OGK-2" (Protocol of the Board of the OAO Unified Energy System of the Russia No. 200 of July 29, 2005).

#### *Composition of the Board of Directors with the term of powers from June 22, 2007 to June 27, 2008.*

№	Name of the member of the Board	Position and place of employment for the moment of termination of powers as a member of the Board of Directors.
1	Mikhail Eduardovich Lisnyanskiy	Deputy Managing Director of the Business Unit No. 2 of the Unified Energy System of Russia
2	Elena Vladimirovna Evseyenkova	Deputy Head of the Department for economic planning and financial control of the Business Unit No. 2 of the Unified Energy System of Russia
3	Evgeny Nikolayevich Bykhanov	Deputy General Director of the Fund "Institute of Professional Directors"

№	Name of the member of the Board	Position and place of employment for the moment of termination of powers as a member of the Board of Directors.
4	Oleg Valentinovich Dunin	Head of the Department for project implementation of the Business Unit No. 2 of the Unified Energy System of Russia
5	Sergey Borisovich Kosarev	Head of Department of property relations regulation of Corporate Centre of Unified Energy System of Russia
6	Elena Alekseyevna Medvedeva	Head of the Centre for regulatory support of the Centre for reform management of the OAO "Unified Energy System of Russia"
7	Mikhail Vasilyevich Kuzichev	General Director, OAO "OGK-2"
8	Irina Sergeyeвна Bochka	Deputy Head of the Department for project implementation of the Business Unit No. 2 of the Unified Energy System of Russia
9	Aleksandr Shoylovich Rozentsvaig	Deputy Managing Director of the Business Unit No. 2 of the Unified Energy System of Russia
10	Aleksandr Aleksandrovich Filatov	Managing Director of the Association of Independent Directors
11	Denis Viktorovich Kulikov	Deputy Executive Director of the Association for protection of investors rights

*Current Board of Directors (as of June 27, 2008).*

**1 Denis Vladimirovich Fyodorov - Chairman of the Board**

Year of birth: 1978

Education: higher

Position: Director of the Board for the development of the power industry sector and marketing in the power industry of the OAO "Gazprom"

holds positions of a member of the Board of Directors of the OAO "OGK-6" (Chairman of the Board of Directors), the OAO "TEK Mosenergo" (Chairman of the Board of Directors), the OAO "Tyumenskaya Energosbytovaya Kompaniya" (Chairman of the Board of Directors), the OAO "Mezhregionenergostroy" (Chairman of the Board of Directors), the OAO "Mosenergo", the OAO "TGK-1", the OAO "MRSK Volgi", the OAO "Tyumenenergo", the OAO "Mosteplosetenergoremont", the ZAO "Gazenergoprombank", the OAO "RazTES", the OAO "Tsentrenergoholding", the OAO "Holding MRSK", the OAO "RAO Energeticheskiye Sistemy Vostoka", member of the Managing board of the ZAO "Kaunasskaya termofikatsionnaya stantsiya".

**2. Anatoly Anatolyevich Gavrilenko – Deputy Chairman of the Board of Directors**

Year of birth: 1972

Education: higher.

Position: General Director of the ZAO "Lider"

holds positions of a member of the Board of Directors of the OAO "Mosenergo", the OAO "Moskovskaya obyedinennaya elektrosetevaya kompaniya", the OAO "Gazprombank", the OAO "SIBUR Holding", the OAO "Salavatnefteorgsintez", the OAO "TGK-1", the OAO "OGK-6".

**3. Denis Viktorovich Kulikov**

Year of birth: 1975

Education: higher.

Position: Deputy Executive Director of the Association for protection of investors' rights

holds positions of a member of the Board of Directors of the OAO "MOEK", the OAO "Yuzhnaya telekommunikatsionnaya kompaniya", the OAO "Severo-Zapadny Telekom".

**4. Igor Iosifovich Lipskiy**

Year of birth: 1966

Education: higher.

Position: Deputy Director of the Department of asset management and corporate relations of the OAO "Gazprom"

holds positions of a member of the Board of Directors of the OOO "Temryukmortrans", the OAO "OGK-6", the OAO "STB", the AO "UrdanetaGazprom-1", the AO "UrdanetaGazprom-2", the OAO "Tsentralny Moskovskiy Depozitariy", General Director of the OAO "Tsentrenergoholding", member of the Managing board of the ZAO "Kaunasskaya TETs", Chairman of the Supervisory Board of the DOAO "Orgenergogaz".

#### **5. Mikhail Eduardovich Lisyanskiy**

Year of birth: 1968

Education: higher

Position: General Director of the OAO "UK Kvarts"

currently is a member of the Board of Directors of the ZAO "Kvarts-Zapadnaya Sibir" (Chairman of the Board of Directors), the ZAO "Remenergomontazh" (Chairman of the Board of Directors) the OAO "Kuzbassenergo", the ZAO "Kvarts-Tyumen".

#### **6. Stanislav Vitalyevich Neveynitsyn**

Year of birth: 1966

Education: higher, Candidate of Legal Sciences, Associate Professor, Department of Economic Theory

Position: General Director, the OAO "OGK-2"

currently is a member of the Board of Directors of the OAO "Mosteplosetenergoremont", the OAO "Tsentrenergoholding»

#### **7. Elena Alekseyevna Medvedeva**

Year of birth: 1958

Education: higher, Doctor of Science, Economics

Position: General Director of the ZAO "SENRI"

#### **8. Aleksey Aleksandrovich Mityushov**

Year of birth: 1975

Education: higher

Position: General Director, the OAO "OGK-6"

General Director of the ZAO "Gazpromenergo",

currently is a member of the Board of Directors of the OAO "OGK-6", the OAO "TGK-1", the OAO "TGK-3" (OAO "Mosenergo"), the OAO "Gazpromregiongaz", the OAO "Salavatnefteorgsintez", the OOO "Pyatigorskteploservis", the ZAO "Tatgazenergo", the OAO "Teploset", the OAO "Arhoblenergogaz" (Chairman of the Board of Directors), the OOO "Voronezhteploenergo-Servis" (Chairman of the Board of Directors), the OOO "Kostromskaya teploenergeticheskaya kompaniya" (Chairman of the Board of Directors), the OAO "Lenoblteploenergo" (Chairman of the Board of Directors), the OAO "Mexhregionteploenergo" (Chairman of the Board of Directors), the OAO "Mezhregionenergogaz" (Chairman of the Board of Directors), the OOO "Peterburgteploenergo" (Chairman of the Board of Directors), the ZAO "SamarSKIY teploenergeticheskiy imushchestvenniy fond" (Chairman of the Board of Directors), the OOO "Saratovoblteploenergo" (Chairman of the Board of Directors).

#### **9. Fyodor Yuryevich Opadchiy**

Year of birth: 1974

Education: higher

Position: Director for market development and monitoring of the OAO "SO EES"

currently is a member of the Board of Directors of the OAO "TGK-2", the ZAO "Energorynok", member of Supervisory Board of the NP "Sovet Rynka"

#### **10. Mikhail Leonidovich Khodursky**

Year of birth: 1971

Education: higher, Master of Economics, Candidate of Legal Sciences.

Position: Chairman of the Managing board of ZAO "Gazenergoprombank"

currently is a member of the Board of Directors of OAO "Sobinbank" (Chairman of the Board of Directors), OAO "OGK-6", OAO "TGK-1".

#### **11. Andrey Vladimirovich Sharonov**

Year of birth: 1964

Education: higher, Candidate of Sociological Sciences.

Position: Managing Director of the presidential establishment of the ZAO "Investitsionnaya Kompaniya "Troika Dialog"

currently is a member of the Board of Directors of the OAO "RusGidro", the OAO "Aeroflot-Rossiyskiye avialinii", the OAO "Rossiyskiye zheleznnye dorogi".

According to the definition of an independent director ( cl. 2.2.2 of the Code of corporate conduct recommended for use by the regulation of the Federal Commission for the Securities Market of Russia of April 4, 2002, No. 421/r) all directors exclusive of the General Director, Mr. S.V. Neveynitsyn, are independent.

#### *The remunerations and compensations payable to the members of the Board of Directors*

Amount and order of payment of compensations and remunerations to the members of the Board of Directors are stipulated by the Regulations on compensations and remunerations payable to the members of the Board of Directors approved by the resolution of the Shareholders' meeting (Protocol No. 1 of June 27, 08).<sup>2</sup>

This provision does not extend to the members of the Board of Directors being the sole executive bodies or members of the collegial executive bodies of the Company (like the General Director S.V. Neveynitsyn in the current Board of Directors).

Payments to members of the Board of Directors are stipulated for participation in the Board of Directors' meeting, additional compensation for the net profit ratio of the Company according to the data in the annual accounting reporting approved by the General shareholders' meeting, additional compensation in the event of market capitalization growth of the Company for the period of the Board of Directors' work (from the moment a member of the Board of Directors was elected to the moment a new body of the Board of Directors is elected).

Total amount of compensation paid to the members of the Board of Directors in 2008 was 7 712 293 rubles and 50 kopeks (seven million seven hundred and twelve thousand two hundred ninety three rubles).

#### *Committees of the Board of Directors*

Committees of the Board of Directors are established by the decision of the Board of Directors (art. 19 of the Charter) and are consultative and advisory bodies ensuring effective execution of functions by the Board of Directors. In their work the Committees are guided by the Federal laws, other regulatory acts of the Russian Federation, the Charter, Provisions on order of calling and holding of the Board of directors, provisions on Committees and resolutions of the Board of Directors.

The Committees are not the bodies of the Company, and may not act on behalf of the Company. The decisions of a Committee are of advisory nature for the Board of Directors. The main purpose of a Committee is ensuring effective work of the Board of Directors relating to questions within its competence by submitting recommendations (conclusions) to the Board of Directors in accordance with the main lines of its activity. The representatives of minority shareholders and the investment community are elected to the Committees, therefore the Committees of the Board of Directors are the

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<sup>2</sup>These regulations can be viewed at the official page of the OAO "OGK-2" at: <http://www.ogk2.ru>

means of interaction with the stakeholders of the Company, which makes it possible to coordinate solutions for all important aspects of the Company's activities before they are approved.

For the time being the following Committees are formed and operate: Committee on strategy and investments, Committee on audit, Committee on personnel and compensations, Committees on reliability.

### *Current Committees of the Board of Directors*

<b>№</b>	<b>Name of the member of Committee</b>	<b>Position and place of employment</b>
<i>Committee of the Board of Directors on strategy and investments</i>		
1	Pavel Olegovich Shatsky	Acting First deputy of the General Director of the OOO "Gazaenergeticheskaya kompaniya"
2	Maria Konstantinovna Zavrieva	Director of the Department for the development of the power industry sector of the Board for the development of the power industry sector and marketing in the power industry, the Department of marketing, liquid hydrocarbons and gas processing of the OAO "Gazprom"
3	Aleksandr Vladimirovich Rogov	Chief specialist the Department for the development of the power industry sector of the Board for the development of the power industry sector and marketing in the power industry, the Department of marketing, liquid hydrocarbons and gas processing of the OAO "Gazprom".
4	Irina Nikolayevna Nikolayeva	Director of the Department for reform monitoring in the power industry and marketing in the power industry of the OAO "Gazprom"
5	Stanislav Vitalyevich Neveynitsyn	General Director, the OAO "OGK-2"
6	Natalya Vasilyevna Vaitulenis	- Deputy General Director on economics and finance, the OAO "OGK-2"
7	Yury Aleksandrovich Lukanin	Director of the Department for international projects of the OOO "Gazpromenergo"
8	Lev Aleksandrovich Ketkin	Deputy Executive Director of the OAO "SO EES"
9	Andrey Vladimirovich Sharonov	Managing Director of the presidential establishment of the ZAO "Investitsionnyya Kompaniya "Troika Dialog"
10	Denis Viktorovich Kulikov	Deputy Executive Director of the Association for protection of investors rights
<i>Committee of the Board of Directors on reliability</i>		
1	Artur Mikhailovich Trinoga	Director of the Department of power engineering of the Board for the development of the power industry sector and marketing in the power industry, the Department of marketing, liquid hydrocarbons and gas processing of the OAO "Gazprom"
2	Mikhail Vladimirovich Sorokin	Deputy Director of the Department of power engineering of the Board for the development of the power industry sector and marketing in the power industry, Department of marketing, liquid hydrocarbons and gas processing of the OAO "Gazprom"
3	Dmitry Alekseyevich Syrovatkin	Chief Specialist of the Department of the Board for the development of the power industry sector and marketing in the power industry, the Department of marketing, liquid hydrocarbons and gas processing of the OAO "Gazprom"
4	Aleksandr Anatolyevich Tarasenkov	Deputy General Director on production, the OAO "OGK-2" - Chief engineer
5	Natalya Vasilyevna Vaitulenis	- Deputy General Director on production, the OAO "OGK-2"
6	Evgeny Vladimirovich Polushkin	Deputy Director of the Department of the general inspection of the OAO "SO EES"
7	Roman Nikolayevich Sabetsky	- Deputy General Director on capital development of the OAO "OGK-2"
<i>Audit Committee of the Board of Directors</i>		
1	Anatoly Anatolyevich Gavrilenko	General Director of the ZAO "Lider"
2	Igor Iosifovich Lipskiy	Deputy Director of the Department of asset management and corporate relations of the OAO "Gazprom"
3	Denis Vladimirovich Fyodorov	Director of the Board for the development of the power industry sector and marketing in the power industry, the Department of marketing, liquid hydrocarbons and gas processing of the OAO "Gazprom", General Director of the OOO "Gazaenergeticheskaya kompaniya"
4	Denis Viktorovich Kulikov	Deputy Executive Director of the association for protection of investors rights
<i>the Committee on personnel and compensations of the Board of Directors</i>		
1	Mikhail Leonidovich Khodursky	Chairman of the Managing board of the ZAO "Gazenergoprombank"
2	Anatoly Anatolyevich Gavrilenko	General Director of the ZAO "Lider"
3	Andrey Vladimirovich Sharonov	Chairman of the Board, "Troika-Dialog" Investment company

### **3.3. Executive bodies**

Executive bodies include the Managing board and the General Director (Chairman of the Managing board). Issues of activity and competence of the executive bodies are determined by the

Federal Law "On Joint Stock Companies", by the Charter of the Company and by the contract of employment entered into by the Company and the General Director (members of the Board).

#### *Managing board*

Issues of activity and competence of the Managing board are determined by the Federal Law "On Joint Stock Companies", by the Charter of the Company and by the regulations on the Managing board of the OAO "OGK-2" (Protocol of the Board of Directors of the OAO Unified Energy System of the Russian Federation No. 200 of July 29, 2005)<sup>3</sup>.

As of December 12, 2008, 8 (eight) members were elected to the Managing board.

1. **Stanislav Vitalyevich Neveynitsyn** (Chairman of the Board) - the General Director
2. **Natalya Vasilyevna Vaitulenis** - Deputy General Director on economics and finance
3. **Teymuraz Petrovich Merabishvili** - Deputy General Director on supply of resources
4. **Roman Nikolayevich Sabetskiy** - Deputy General Director on capital development
5. **Viktor Viktorovich Svistunov** - Deputy General Director on IT and energy markets
6. **Svetlana Viktorovna Suvorova** - Deputy General Director on legal issues
7. **Aleksandr Anatolyevich Tarasenkov** - Deputy General Director on production - Chief engineer
8. **Sergey Sergeyeovich Fil** - Deputy General Director on corporate governance

#### *General Director*

Issues of activity and competence of the General director are determined by the Federal Law "On Joint Stock Companies", by the Charter of the Company and by the contract of employment entered into by the Company and the General Director.

#### **General Director Stanislav Vitalyevich Neveynitsyn**

Year of birth: 1966

Education: higher, Candidate of Legal Sciences. Associate professor of the Chair of economic theory

Positions held in the last 5 years:

- June, 2002 - December, 2005 Director of the OAO "Saratovenergo"
- December, 2005 - September, 2006 Director on wholesale market, the OAO

"Volzhskaya TGK"

- September, 2006 - December, 2007 Deputy General Director, the OAO

"Mezhregionenergosbyt"

- February 2008 - May 2008 Executive Director, the OAO "OGK-2"
- May, 2008 - June, 2008 Acting General Director, the OAO "OGK-2"

Currently is a member of the Board of Directors in the OAO "Mosteplosetenergoremont" and the OAO "Tsentrenergoholding".

### **3.4. Internal Audit Commission**

Internal Audit Commission is elected by the General shareholder meeting for the period until the next annual General shareholder meeting to take charge of financial and economic activities of the Company. Members in the Internal Audit Commission of the Company: 5 (five).

Operating procedures of the Internal Audit Commission is stipulated by the Provisions on Internal Audit Commission approved by the Board of Directors of the OAO Unified Energy System of Russia (Protocol No. 200 of July 29, 2005).

The Internal Audit Commission in accordance with the audit (inspection) decision has the right to engage for this purpose the specialists in the corresponding fields of law, economics, finance, accounting, management, economic security, etc., and also specialized organizations.

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<sup>3</sup> These regulations can be viewed at the official page of the OAO "OGK-2" at: <http://www.ogk2.ru>

The audit (inspection) of financial and economic activities of the Company can be carried out also on the initiative of the Company's Internal Audit Commission, by the decision of the General shareholder meeting, of the Board of Directors of the Company or upon demand of a shareholder (shareholders) of the Company owning in total no less than 10 % of voting shares of the Company.

*Composition of the Internal Audit Commission*

1. **Evgeny Nikolayevich Zemlyanoy** - Chief specialist of the OAO "Gazprom".
2. **Margarita Ivanovna Mironova** - Director of the Internal Audit Board of the OOO "Mezhregiongaz"
3. **Mikhail Vladimirovich Sorokin**, Deputy Director of the Department of power engineering of the Board for the development of the power industry sector and marketing in the power industry of the OAO "Gazprom"
4. **Roman Anatolyevich Mitrofanenkov** - no further information
5. **Elena Evgenyevna Smirnova** - General Director of the OOO "Bogatyr"

In accordance with the "Regulations on compensations and remunerations payable to the members of the Internal Audit Commission" the members of the Internal Audit Commission obtain the following payments:

1. Compensation for the expenses connected with the participation in sessions of the Internal Audit Commission and the inspections using the regulations for compensation of travel expenses for the moment of a corresponding session or inspection.
2. Paying out remuneration for the participation in the inspection (audit) of financial and economic activities - in the amount equal to five minimal monthly salaries of a first grade worker for the time of inspection (audit).
3. The additional remuneration paid for each inspection (audit) of financial and economic activities of the Company - in the amount not exceeding twenty minimal monthly salaries of a first grade worker.

The amount of remuneration payable to the Chairman of the Internal Audit Commission is increased by 50 percent.

Remuneration paid to the members of the Internal Audit Commission in 2008 was 492 637 (Four hundred and ninety two thousand six hundred and thirty seven) rubles.

**3.5. Authorized capital and issuing activity**

The authorized capital of the Company is 11 872 827 952,1514 (Eleven billion eight hundred and seventy two million eight hundred and twenty seven thousand nine hundred and fifty two, one thousand five hundred and fourteen) rubles.

The Company placed ordinary registered shares of the same denomination per 0,3627 rubles each, in total - 32 734 568 382 (Thirty two billion seven hundred and thirty four million five hundred and sixty eight thousand three hundred and eighty two) shares.

*Issuing activity in 2008.*

<b>№</b>	<b>Issue</b>	<b>Data</b>
1	Share Category	Ordinary registered shares (additional issue - reorganization)
2	Form of issue	Non-documentary
3	Type of shares	-
4	State registration number	1-02-65105-D-002D, 1-02-65105-D-003D
5	Registration date	April 8, 2008
6	Registration authorities	Federal Service on Financial Markets
7	Date of first placement of shares	July 1, 2008.
8	Completion of placement	July 1, 2008.
9	Number of shares	1 646 469
10	Par value (rub.)	0,3627
11	Total volume of issue (par value) (rub.)	597 174,30
12	Report on results of issue registered	August 14, 2008

### Structure of authorized capital

Name of placement owner	Share in authorized capital as of:	
	January 1, 2008	December 31, 2008
Individuals	1,16%	2,29%
Legal entities	0,01%	0,05%
Nominee holder	98,81%	97,39%
Federal property	-	0,27%

### List of shareholders owning more than 5% of authorized capital in shares

Name of shareholder owning more than 5% of authorized capital in shares	Share in charter capital as of:	
	January 1, 2008	December 31, 2008
OAO Unified Energy System of Russia	65,47%	-
ZAO "Gazenergoprom-Invest"	12,22%	-
OOO "Depozitarnye i korporativnye tehnologii (nominee holder)	-	47,24%
NP "Natsionalny depozitarny tsentr" (nominee holder)	-	14,16%
ZAO "Gazenergoprombank" (nominee holder)	-	12,84%
ZAO "Depozitarno-Kliringovaya Kompaniya" (nominee holder)	-	9,85%
OOO "Deutsche Bank" (nominee holder)	-	6,19%
ZAO "UBS Nominees" (nominee holder)	-	6,13%

### 3.6. Company's securities

The Company's shares are listed on the Russian stock exchanges (Moscow Interbank Currency Exchange and RTS) since June 2006.

In the autumn of 2007 global depository receipts (GDR) for shares of the OAO "OGK-2" were issued. They were officially listed by the Listing department of Great Britain and traded on the primary market of the London Stock Exchange.

For the end of reporting period the Company's shares are listed at the Russian stock exchanges (Moscow Interbank Currency Exchange and RTS, quotation list "A2"), and as GDR on the Primary market of the London Stock Exchange.

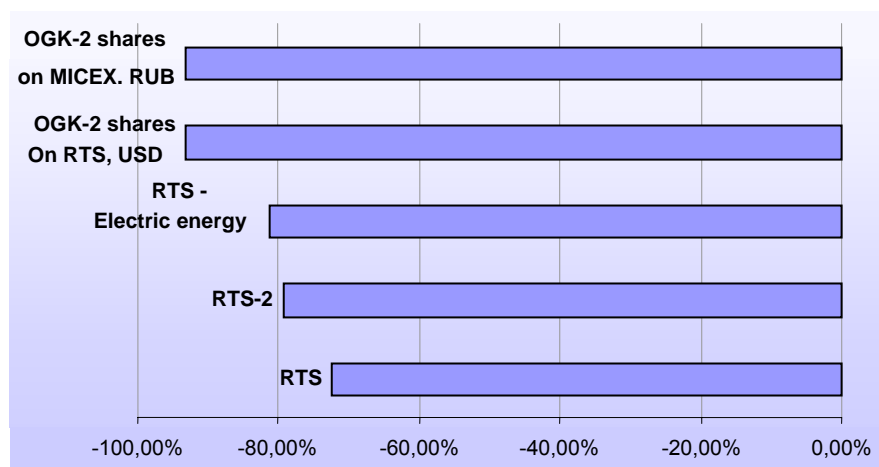
Volume of equity transactions in 2008. (5 104,1 mln, vs. 1 854 mln in 2007) was 15,6 % of total amount placed for the end of the year (32 734,6 mln shares)

### Share trading volume and number of transactions at MICEX and RTS

Period	Share trading volume, shares			Number of transactions		
	Classic RTS market	RTS stock exchange	MICEX (principal issue, primary trading session)	Classic RTS market	RTS stock exchange	MICEX
2006	76 865 963	48 227 428	39 646 700	131	127	1 353
2007	229 037 307	17 398 035	1 608 053 456	352	230	23 705
2008	142 816 876	9 331 853	4 951 917 261	236	98	105 098

Quotations of the Company's shares for the reporting period went down from US\$ 0,1540 to US\$ 0,0130 per share on the classic RTS market, and from 3,745 rub. to 0,258 rub. on the Moscow Interbank Currency Exchange.

*Fig. 10. Change in price of the Company's shares and RTS indexes in 2008.*



Capitalization for the end of year was US\$ 324,1 mln

The most important factors influencing the stock market of the Company were:

- The world financial crisis, slackening in the rate of economic growth and growing popularity of developing markets,
- Overall decline of the Russian stock market,
- Considerable change in energy consumption forecasts, information on correction of investment programs.

*Change in price of shares of the Company on MICEX, stock exchange and classic RTS markets for the period of 2006-2008 (last transaction price)*

For the end of period	Classic RTS market, \$	RTS stock exchange, rub.	MICEX, rub.	\$ rate
2006	0,1370	3,6000	3,663	26,3311
2007	0,1540	3,7000	3,745	24,5462
2008	0,0103	0,2001	0,258	29,3804

### *GDR Program*

Sponsored program of the global depositary receipts for shares of the Company (GDR) was established in 2007. Each depositary receipt certifies the right for 100 registered common shares of the Company. GDR and shares grant equal rights. The depositary bank is the Deutsche Bank Trust Company Americas. The GDR were officially listed by the Listing department of Great Britain. Since October 4, 2007 unconditional trading started on the primary market of the London Stock Exchange under the ticker symbol of OGK2.

The total volume of the GDR program for 2008 went down by 1,05 mln and for the end of 2008 was 14,69 mln (4,5 % of the authorized stock). On the whole, the number of the GDR went down throughout the reporting year, which in the first place was conditioned by the securities sales by foreign investors, who were short of liquidity due to emergence of the crisis situation.

The GDR program promoted the rights of the owners of depositary receipts of the Unified Energy System of the Russia. On reorganization of the energy holding 350 thousand GDR were issued in exchange for the Company's shares (20 000 as per Regulation S and 330 000 as per Rule 144A).

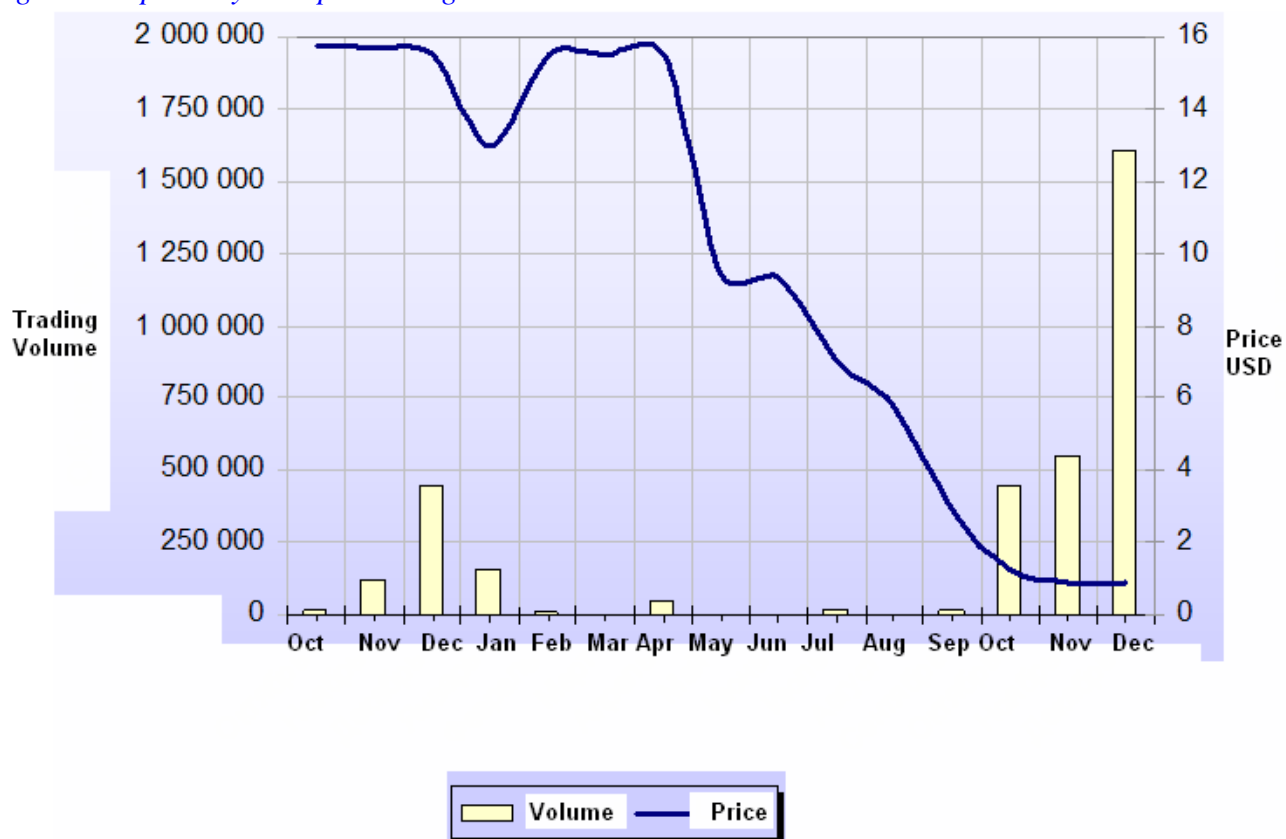
### *Number of GDR*

For the end of period	GDR issued		
	as per Regulation S	as per Rule 144A	Total
December 2008	12 627 433	2 063 136	14 690 569

### *Liquidity enhancement*

In 2008 trading activity in the global depository receipts of the OAO "OGK-2" on the London Stock Exchange was low as compared to trade in shares of the OAO "OGK-2" in Russia. According to the reports of the depository bank for the reporting period the volume of transactions was 2 843 000 GDR (as compared to 555 000 for the period from October 4 of 2007 to December 31, 2007)

Fig. 11. Depository receipts trading volume



*Implementation of liquidity support activities in 2008-2010.*

Activity	Implementation in the reporting period
Formulation of image policy concept (determination of strategic goals of image policy and definition of influence levels and targeted audience)	Image solutions are taken with respect to change of the principal shareholder.
Compilation, updating and working with the database of key recipients of information on the Company.	Accomplished
Improvement of the corporate governance process as concerns additionally disclosed information	Accomplished
Study of the Company's image as perceived by the investment community (investors' opinion research on quality of corporate governance, ways and measures of enhancing the corporate governance processes).	Accomplished
Regular activities in interaction with analysts, shareholders and investors:	Accomplished
The shares transferred from quotation lists "B" to quotation lists "A2" of the Russian stock exchange RTS and Moscow Interbank Currency Exchange.	Accomplished

Amount of dividends paid on shares is determined by the General shareholder meeting under recommendation of the Board of Directors and cannot exceed the recommended amount.

*Dividend history*

Name	Reporting period used in the decision for dividend payout
------	-----------------------------------------------------------

	9 months of 2005	2005	6 months 2006	2006	1 . 2007
amount of declared dividends per share, rub.	0,006264	0,011836	0,003539	0,001873	0,0015257
amount of declared dividends on all shares, ths rub.	67 462 051,85	127 471 399 ,37	89 597 108,95	49 598 717,87	40 401 902,75
Date of shareholders' meeting	Dec. 23, 2005	Apr. 21, 2006	Sept. 25, 2006	June 22, 2007	June 22, 2007
period assigned for dividend payout	within 60 days from the day the decision on payout was taken				
form and other conditions of dividend payout	money				
total amount of the dividends paid (adjusted for taxation), ths rub.	67 462 051,85	127 471 399 ,37	89 388 939,69	49 452 715, 61	40 281 791, 64

Cause for non-payment of declared dividends in full amount - absence of full and reliable information on banking details and mailing address in the shareholder register. In accordance with the clause 5, Art. 44 of the Federal law "On Joint Stock Companies" a person registered in the shareholder register is obligated to inform the registrar on any change in his particulars in due time. The registrar of the Company is the OAO "Tsentralny Moskovsky Depozitariy».

The amount of income payable on inconvertible certified interest-bearing bonds (payable to the bearer) with obligatory centralized storage, series 01, in monetary value, per one bond and in total for all bonds of issue -1 - 5th coupon - 38,39 rub per bond, 6th coupon - 39,24 rub. per bond. On all bonds in total of issues 1 through 5, coupon payments amount to 191 950 000 rub., 6th coupon payout - 196 200 000 rub.

The period of time for payment of income on bonds of the issue - date of coupon period ending.  
Form and other conditions of dividend payout on bonds - cash assets

Amount of income paid on all bonds of the issue for each reporting period during which such income was paid:

- 1st coupon period (Jan 3, 2008) – 191 950 000 rub.;
- 2nd coupon period (Jul 3, 2008) – 191 950 000 rub.;
- 3rd coupon period (Jan 1, 2009) – 191 950 000 rub.

## 4. Social responsibility

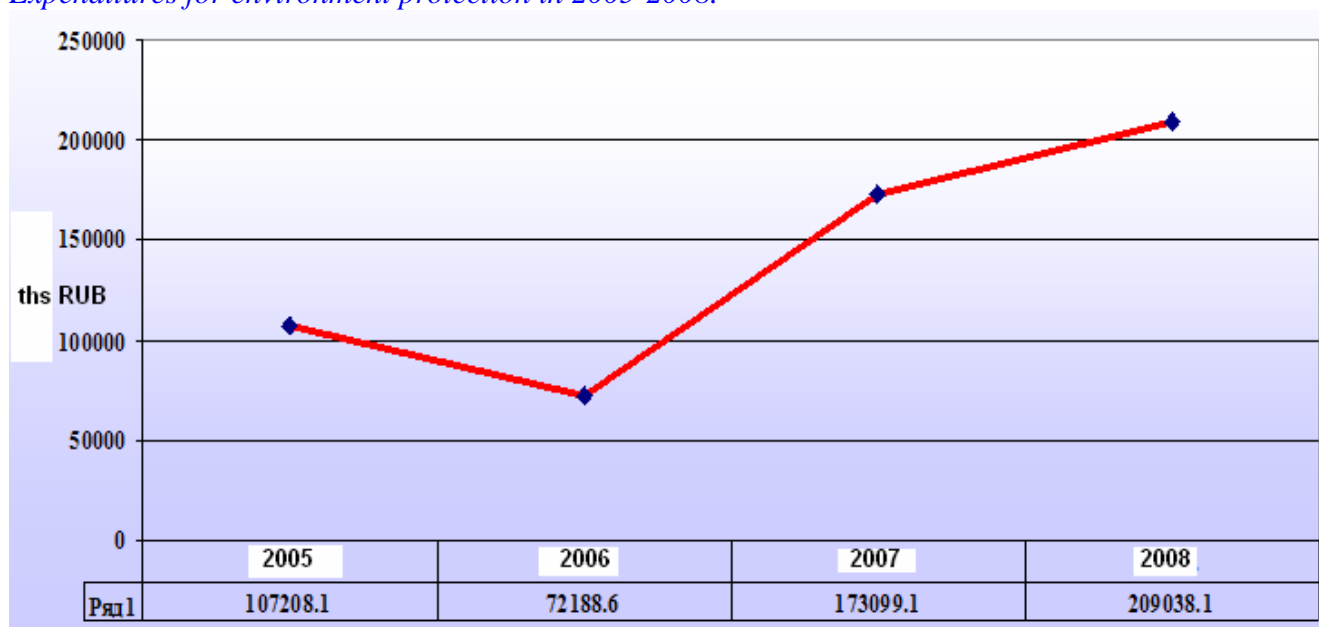
### 4.1. Environmental Protection

Manufacturing activities have technological impact on the environment, namely: on the atmospheric air, surface and subsurface waters, land resources

Degree of negative impact on the environment (intensity of pollutant emissions into the atmosphere and discharges to surface waters; the amount of water taken from the surface water sources and the amount of waste produced) depends on dynamics of electric energy production and the type (balance of types) of used fuel (gas/fuel oil/coal), and its quality characteristics (lower heating value, ash content, sulphur content, etc.) and condition of the technological equipment of a power plant. Due to continuing growth in production of heat and electric energy in 2008 (as compared to 2005, production of electric energy grew 1,21 times, reaching 49 826 640 ths kWh) the degree of environmental impact of the last years also stayed at the same level. As compared to the previous year this year showed a minor increase in pollutant discharges into the atmosphere (4,1%) and in the amount of water taken from the surface water sources for equipment cooling (11,4%).

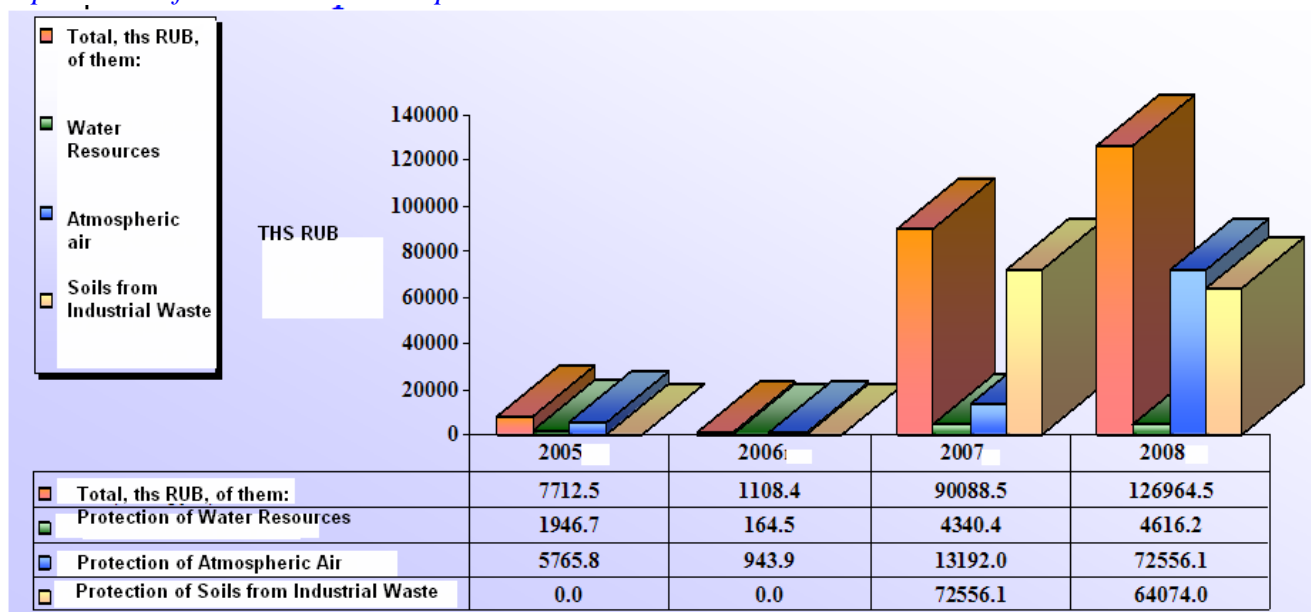
Each year the Company allocates substantial funds for environment protection and improvement. These expenditures grew in the last two years and doubled since 2005.

*Expenditures for environment protection in 2005-2008.*



The oldest plants are the Serov GRES running on coal and gas and the Troitsk GRES working on coal of Ekibastuz coal deposits. The Troitsk GRES has the greatest impact on the environment; here environmental control costs are the highest. In 2008 the Company spent 127 mln rub. for these purposes, which is 51,3% of total expenditures of 209 mln rub. See below, allocation of funds for environment improvement and protection by year and allocation:

*Expenditures for the environment protection at the Troitsk GRES in 2005-2008.*



The following environmental measures were carried out at the Troitsk GRES:

- Replacement of 8 electrofilter fields at the 9th power unit;
- Repair of the electrofilters at the 5th power unit;
- Replacement of morally obsolete scrubbers by the modern 2nd generation emulsifiers at the 1st section of the power plant;
- Major turnaround of the dust exhausting plants.

These works made it possible to decrease pollutant discharges into the atmosphere by 19,8% in the 3rd and 4th quarters of 2008 as compared to the corresponding period of the previous year.

The long-term "Action plan for reduction of negative impact of pollutant discharges into the atmosphere at the Troitsk GRES and achieving standards of maximum permissible discharges" was devised.

The discharges into the atmosphere at the Surgut GRES-1 (running on gas) also went down by 2,4% due to reduction of nitrogen and carbon oxides discharges as the result of optimization of combustion process and furnace operating conditions. Furthermore, repair works of the hydraulic engineering structures with the accompanying bank protection were conducted at the water reservoir of the Surgut GRES-1.

All power plants of the Company participated in the ecological monitoring in 2008. The environmental auditing were carried out in all branches and in the executive establishment.

In 2008 the environmental management system (EMS) was certified for conformance to ISO 14001:2004 international standard.

High-priority plans for the year 2009: - implementation and certification of the ecological monitoring system at the Troitsk GRES, which guarantees:

- regular carrying-out of environmental auditing;
- improvement of environmental risks management, development and realization of activities for their reduction;
- measures for the prevention and liquidation of emergency situation consequences which result in the negative ecological consequences;
- implementation of economic mechanisms for stimulation of emission reduction.

Approved by decision of the Board of Directors (protocol No. 98 of February 4, 2008): the Environmental Policy, the Guidelines for realization of the environmental policy and the Program for realization of environmental policy for the years 2008-2010.

Jointly with the authorized agencies of the Republic of Kazakhstan, the Company implements the Action Plan of the Troitsk GRES for reduction of negative impact of the ash-disposal area on the environment of lake Shebarkul and for bringing the technical conditions of the ash-disposal area to conformity with the design parameters in 2008-2010.

Within the framework of this Plan in 2008:

- 94,7 ha of disturbed lands were reclaimed (Republic of Kazakhstan);
- Reconstruction of dams, sections No. 1-3 of ash-disposal area
- Installation and commissioning of the dust suppression system of ash-disposal areas.
- Regular industrial control and monitoring of ash-disposal areas.

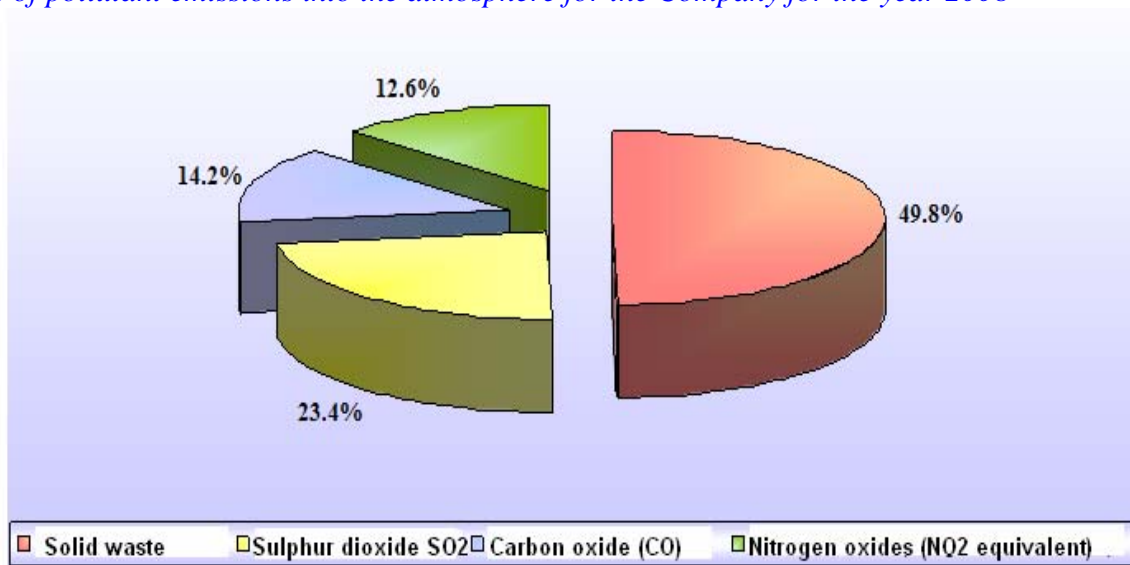
Type of process fuel used and its quality determine degree of influence of combustion process on atmospheric air. The discharges into the atmosphere are done through 270-meter exhaust stacks to reduce impact on the lowest atmospheric layers.

Structure and volume of pollutant emissions for the year 2008 as compared to 2007, see below.

#### *Pollutant emissions into atmosphere in 2007-2008*

	year:	Total	Solids	Gaseous and liquid matters	Sulphur dioxide	Carbon monoxide (CO)	Nitrogen oxides (NO <sub>2</sub> equivalent)
<b>OAO "OGK-2"</b>	2007	344061,973	169 956,674	174105,299	77 958,799	49 944,782	44084,347
	2008	359180,700	176799,776	182380,924	82964,955	50361,181	44888,280
<b>Surgut GRES-1</b>	2007	18 397,534	0	18 397,534	63,140	3 840,606	12 477,450
	2008	17956,072	0	17956,072	72,985	4462,281	11554,882
<b>Stavropol GRES</b>	2007	11 472,222	4,877	11 467,345	1 240,223	0,033	10 219,021
	2008	15236,602	10,149	15273,453	2949,240	0,042	12317,900
<b>Serov GRES</b>	2007	35 678,530	17 453,356	18 225,174	10 375,607	388,110	6 377,146
	2008	43018,648	22005,071	21013,577	12788,864	550,896	7461,409
<b>Pskov GRES</b>	2007	905,4281	0,867	904,561	0,050	4,113	709,121
	2008	1063,678	0,028	1063,650	0,006	6,395	1045,348
<b>Troitsk GRES</b>	2007	277 608,259	152 497,574	125 110,685	66 279,779	45 711,920	11 040,700

#### *The structure of pollutant emissions into the atmosphere for the Company for the year 2008*



Executed repair works of the gas-treating systems contributed to keeping the surface layer of the atmosphere compliant to sanitary regulations. Works for further reduction of negative impact on the atmospheric air are in progress.

Of great potential in reduction of ash discharge is using Kuznetsk coal instead of coal of Ekibastuz coal deposits, while the former has higher caloric value and considerably lower ash content. Construction of the new power units provides for use of Kuznetsk coals of higher quality.

In process of heat and electric energy production, along with other gases, the greenhouse gases are produced. These gases absorb and reemit infrared radiation, producing in this way the greenhouse effect, which results in increase of temperature and the climate change. The source of prevailing amount of the greenhouse gases at the power plants is combustion of process fuel.

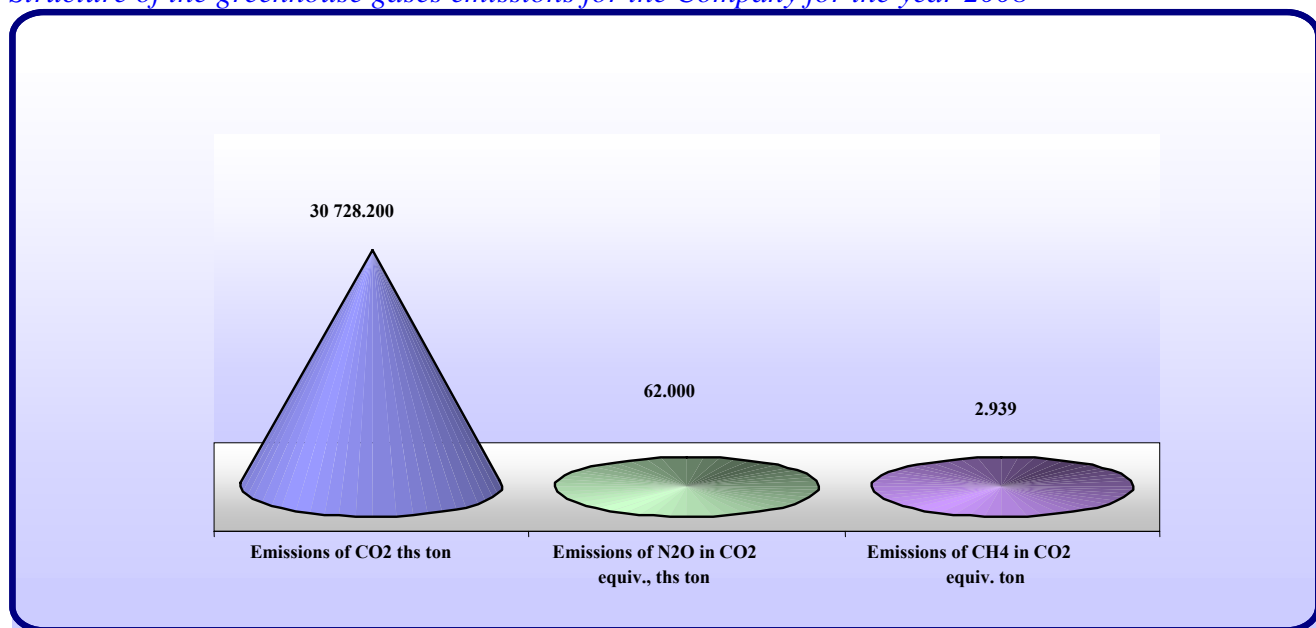
The Russian Federation is a participant of the United Nations Framework Convention on Climate Change (UNFCCC, Rio de Janeiro, 1992), which is to prevent dangerous developments by mitigating the most acute climate changes and by establishing a corresponding system of ecological-and-economical relations. At the 3rd meeting at Kyoto Convention in 1997 the participants came to agreement on reduction of the greenhouse gases emissions in the industrialized countries. At the same time emission quota for greenhouse gases were determined for each party (the Russian quota is equal to its emissions in 1990, therefore this year is taken as a basic year value).

*Level of the greenhouse gases emissions compared to basic year value.*

Name	OGK-2	Stavropol GRES	Pskov GRES	Surgut GRES-1	Serov GRES	Troitsk GRES
Greenhouse gases 1990 (basic) in CO <sub>2</sub> equivalent, ths t	37887,6	9534,7	First unit started in 1993	13918,4	4138,8	13835,5
Specific discharge of greenhouse gases in 1990, kg/kWh	0,61	0,55		0,54	0,83	0,94
Greenhouse gases for 2007 in CO <sub>2</sub> equivalent, ths t	30 793, 2	5001,8	907,9	12983,4	3052,2	8847,9
Specific discharge of greenhouse gases in 2007, kg/kWh	0,64	0,52	0,52	0,53	0,99	0,98
Greenhouse gases for 2008 in CO <sub>2</sub> equivalent, ths t	31284,9	5827,4	983,4	12846,3	3500,7	9108,6
Specific discharge of greenhouse gases in 2008, kg/kWh	0,63	0,53	0,52	0,52	1,04	1,01

In accordance with calculations the emissions of the greenhouse gases (both gross and specific values) stayed at the previous year's level, at the same time they went down substantially, to the level of the reference year (total of 21% by company). Structure of the greenhouse gases emissions for the OAO "OGK-2" for the year 2008, see below:

*Structure of the greenhouse gases emissions for the Company for the year 2008*



The large share of the greenhouse gases emissions is produced by the stations running on solid fuel: the Troitsk GRES and the Serov GRES. However, with commissioning of the new power units at the Troitsk GRES, the oldest section of the power station will be decommissioned. Its operation resulted in maximal emission of the greenhouse gases and other pollutants.

In process of operation the power plant uses water resources for component cooling (the Novotroitskoye reservoir on the river Yegorlyk, the Stavropol GRES, the Troitskoye reservoir on the river Uy - the Troitsk GRES, the reservoir on the river Sosva - the Serov GRES, the reservoir on the river Shelon falling into lake Ilmen, the Pskov GRES, the reservoir on the river Chernaya, the Surgut GRES-1).

the level of impact is determined by the equipment configuration having water cooling and by the existing water consumption system: direct-flow or return. The largest amounts of water are utilized using the direct-flow water supply system (Stavropol and Pskov GRES). The additional (makeup) volumes used for recovery of losses in the direct-flow and return systems (Serov GRES, Troitsk GRES) and the return systems (Surgut GRES-1) are considerably lower.

*Utilization of environmental waters.*

Name	OGK-2	Stavropol GRES	Pskov GRES	Surgut GRES-1	Serov GRES	Troitsk GRES
Water consumption (fresh water intake, natural water source or water pipe-line), ths cu. m.	2120,5	1632,0	277,7	22,5	181,0	14,6
Water disposal, ths cu m	2081,7	1630,8	272,5	1,8	174,1	2,4

The Company pays a lot of attention to its water reservoirs and contiguous waters and applies methodical efforts to reduce heat impact on the water bodies using the power limitation when necessary.

This problem is the most urgent at the Stavropol GRES, which is located in a mild climatic zone and using the direct-flow system. The Novotroitskoye reservoir is cleaned and stocked with fish on the annual basis, which prevents potential damage to fish resources.

Each production process inevitably results in production of industrial waste. Energy companies

produce industrial waste of 5 classes of hazard.

*Structure and amount of waste, by branch, 2008*

Name of waste by class of environmental hazard	Structure and amount of waste for 2008, ton				
	Production	Utilized	Decontaminated	Passed over to other companies	Stored at own facilities
<b>Waste of all classes of hazard, for Company:</b>	2 967 127,7	342,1	0,294	5 668,8	2 961 187,5
including; Ashes from burning coals	2 958 742,0	Accumulated for the end of reporting period – 12 205 7165,0			
<b>Pskov GRES</b> Waste of all classes of hazard, total	137,0	22,2	0,0	122,6	191,7
<b>Stavropol GRES</b> Waste of all classes of hazard, total	1 001,1	32,1	0,031	948,4	46,8
<b>Troitsk GRES</b> Waste of all classes of hazard, total	2 302 593,5	208,0	0,0	1 185,9	2 301 199,7
incl.: Ashes from burning coals	2 301 098,0	Accumulated for the end of reporting period – 10 653 2557,0 (ash-disposal area - republic of Kazakhstan)			
<b>Serov GRES</b> Waste of all classes of hazard, total	65 8513,6	79,8	0,363	412,4	658 011,0
incl.: Ashes from burning coals	657,6	Accumulated for the end of reporting period – 15524608,0 (ash-disposal area - republic of Kazakhstan)			
<b>Surgut GRES-1</b> Waste of all classes of hazard, total	4 882,5	0,0	0,0	2 998,5	1 738,3

Ashes from burning coals generate 99,7% of all waste produced. Their amount corresponds to the previous year's level. Alternative variants of ash storage and use in production of construction materials (without removal from of circulation large agricultural land resources) are considered for the purpose of reducing impact on the environment.

*Environmental risks and improvement of environmental safety*

The said trends of energy production increase and the fuel balance shift to increase of solid fuel share may result in the following environmental risks:

- atmospheric air pollution beyond sanitary norms, by pollutants of the Troitsk GRES and Serov GRES;
- heat pollution and biocenosis destruction of the river Yegorlyk (Stavropol GRES)
- Growing incidence rate in the region under influence of emissions of Troitsk and Serov GRES;
- Increase of greenhouse gases emissions;
- emergency situations at ash-disposal areas of Troitsk and Serov GRES;
- early withdrawal of land from natural circulation for industrial use (construction of ash-disposal areas of Troitsk GRES and Serov GRES).
- Growing social tension in the region due to emissions of the Troitsk GRES.

Work on enhancing environmental safety and lowering environmental risks is done in the following spheres:

1. Minimization of impact on the environment through achievement of planned figures.
2. Creating conditions and mechanisms ensuring minimization of impact on the environment through forecasting and planning of technical, organization-and-structural activities, activities for improvement of the legislation and the normative and technical documentation.
3. Creating conditions and mechanisms for execution of obligations in accordance with the

United Nations Framework Convention on Climate Change (UNFCCC, New York, May 9, 1992) and Kyoto Protocol.

4. Interaction with parties in interest

5. Conducting environment impact assessment procedure of the planned production activity.

The Company realizes and takes responsibility for use of the natural resources in production activity and environmental impact of such activity. The environmental policy of the Company sets goals of decreasing negative effects on the environment and heightening social responsibility, part of which is compliance with the environmental and industrial safety regulations.

Within the framework of the environmental conference "Clean Air of Russia-2008" held in the Federation Council the Troitsk GRES earned an honorary mention for the effort in restriction of air pollution and environmental programs.

## **4.2. Social partnership**

The key element of the corporate social responsibility of the Company is ensuring reliable operation of its segment of the Unified Energy System of Russia, and uninterrupted power supply to community facilities, where generation capacities of the Company are located. Stable operation of the GRES and meeting heat and electric energy requirements directly influences the fulfillment of production programs of consumer companies and prevents social disruption. The Company is committed to taking technically sound, economically feasible and effective solutions to maintain heat and electric power balance.

The Company is aware of its responsibility for support of socio-economic development in the regions of its operation, that is the North-Western, the Southern, the Ural, the West Siberian federal districts. The Company's activities have an effect on the situation in the regions, where the generation facilities of the Company are located. This influence is diversified and can be traced in different spheres. We can point out three closely connected aspects of influence, i.e. economic, social and environmental (which was viewed earlier). As the major enterprises the power plants of the Company act as initiators of the regional economic activity, providing jobs, also by engaging third-party companies as suppliers/contractors, ensuring uninterrupted power supply, paying heavy taxes to local budgets. Operation of the power plants makes the situation in the region more stable and affords an opportunity for the sustainable development of the regional industry.

The Company builds its relations with partners upon mutual respect, transparency, responsibility and steadfast implementation of laws. The Company adheres to the following principles in its relations with suppliers/contractors:

- All prospective suppliers of goods and services and the contractors have open access to information on needs of energy production of the OAO "OGK-2";
- creation of competitive environment with optimal choice of partners in production activities.

Social responsibility determines strategy and needs of the Company, that is, sustainable development, modernization of technical facilities, and enhancement of investment appeal.

Implementing the principles of social responsibility the Company aims at ensuring:

- territorial and organizational access to heat and electric energy supplies;
- price accessibility of heat and electric power supplies (prices for energy should be economically sound and socially acceptable);
- power balance of the energy system (working capacity of power stations should correspond to the current and estimated consumer demand)
- reliability of operation of infrastructure's key elements, including stock regulation, level of required reserves, etc.

- environmental safety, promoting enhancement of energy efficiency and cost-effective use of resources, stimulation of development and distribution of environmentally friendly (safe) technologies.

Social responsibility of the Company means that its activities are based on the principles of openness and transparency. These principles assume public, comprehensible and open conduct of business. The Company is aiming to provide reliable information and maintain contacts with all parties concerned. Social responsibility of the Company includes not only charity work, but also informing the general public of the Company's activities and policy directed to public good.

The Company implements principles of corporate responsibility by ensuring:

- balance of interests of all related parties;
- implementation and application of the corporate governance standards meeting expectations of the Russian and foreign investors.
- use of modern management technologies, improvement of management efficiency.
- improving competitiveness of the Company using cost reduction and implementation of investment programs
- realization of principles of free and fair competition and fair price formation.

## 5. Vision of the future

### 5.1. Future objectives

Core objectives of the Company are loss-free activity, profit-making, efficient administration of property and financial management, and reliability of production activities.

The Company has the following objectives:

execution of the production program, ensuring efficient operation of the power equipment and reliable supplies to consumers (including timely and quality repair, technical upgrade and reconstruction;) preparation for on-peak demand of autumn/winter season);

- realization of profit (through improved operations on the markets and cost optimization);
- reliability enhancement of energy systems operation;
- implementation of investment projects.

*The following activities are planned by the Company for realization of the specified tasks:*

- Integrated survey of the power plants and determination of the priority areas of technical upgrading, reconstruction and capital development as concerns the power plants, and also of investments required for their realization.
- Provision and monitoring of implementation of the most important technical upgrade projects in terms of reliability and efficiency enhancement, reconstruction and capital development.
- Implementation of technologies for cost reduction.
- Improvement of quality of energy and repair services, optimization of costs and expenditures for repair of power equipment, buildings and facilities.
- Improvement of the receivables and payables management system.

### 5.2. New construction

Within the next few years the Company plans for realization a few investment projects that is construction of the new power units at the Troitsk GRES, the Serov GRES, and the Stavropol GRES.

Overall volume of investments in new construction in 2008 includes two primary groups of expenditures:

- construction of the new power units;
- other power industry facilities.

*Volume of investments in new construction in 2008. (channeled for construction of the new power units and other facilities of power industry)*

Item No.	Name of branch Business event groups	New construction		
		Plan <i>this rub.</i> <i>exclusive of VAT</i>	Act. <i>this rub.</i> <i>exclusive of VAT</i>	accomplished, %
<b>1.</b>	<b>Troitsk GRES</b>	<b>1 766 700</b>	<b>34 086</b>	<b>2%</b>
<b>1.1.</b>	<b>Construction of two new power units PSU-660 MW, incl.:</b>	<b>1 731 500</b>	<b>16 310</b>	<b>1%</b>
1.1.1.	Main issues of construction of two new power units PSU-660 MW	1 383 424	16 013	1%
1.1.2.	Design engineering activities as per construction of two new power units PSU-660 MW	348 076	297	0,08%
<b>1.2.</b>	<b>Other primary facilities of power industry, incl.:</b>	<b>35 200</b>	<b>17 776</b>	<b>50%</b>
1.2.1.	Main activities concerning power energy facilities of new construction	8 900	0	0%
1.2.2.	Design engineering activities concerning power energy facilities of new construction	26 300	17 776	68%
<b>2.</b>	<b>Stavropol GRES</b>	<b>1 645 313</b>	<b>22 968</b>	<b>1%</b>
<b>2.1.</b>	<b>Construction of two new power units PGU-400 MW, including:</b>	<b>1 645 313</b>	<b>22 895</b>	<b>1%</b>
2.1.1.	Main issues of construction of two new power units PGU-400 MW	1 193 247	22 100	2%
2.1.2.	Design engineering activities as per construction of two new power units PGU-400 MW	452 066	795	0,2%
<b>2.2.</b>	<b>Other primary facilities of power industry, incl.:</b>	<b>0</b>	<b>72</b>	<b>-</b>
2.2.1.	Main activities concerning other power energy facilities of new construction	0	0	
2.2.2.	Design engineering activities concerning other power energy facilities of new construction	0	0	
<b>3.</b>	<b>Serov GRES</b>	<b>533 157</b>	<b>36 280</b>	<b>7%</b>

Item No.	Name of branch Business event groups	New construction		
		Plan <i>ths rub.</i> <i>exclusive of VAT</i>	Act. <i>ths rub.</i> <i>exclusive of VAT</i>	accomplished, %
<b>3.1.</b>	<b>Construction of two new power units PSU-330 MW, including:</b>	<b>196 983</b>	<b>25 803</b>	<b>13%</b>
3.1.1.	Main issues of construction of two new power units PSU-330 MW	195 107	6 924	4%
3.1.2.	Design engineering activities as per construction of two new power units PSU-330 MW	1 876	18 879	1006%
<b>3.2.</b>	<b>Other primary facilities of power industry, incl.:</b>	<b>336 174</b>	<b>10 477</b>	<b>3%</b>
3.2.1.	Main activities concerning other power energy facilities of new construction	332 630	0	0%
3.2.2.	Design engineering activities concerning other power energy facilities of new construction	2 044	9 453	462%
4.	<b>Pskov GRES</b>			
5.	<b>Surgut GRES-1</b>			
6.	<b>Executive body</b>	<b>0</b>	<b>256</b>	<b>-</b>
6.2.	<b>Other primary facilities of power industry, incl.:</b>	<b>0</b>	<b>72</b>	<b>-</b>
	<b>TOTAL:</b>	<b>3 945 170</b>	<b>93 589</b>	<b>2%</b>

### 5.3. Reconstruction and technical upgrade

Technical upgrade and modernization of stations is a package of measures for enhancement of production engineering level in accordance with the modern requirements through implementation of the new technologies and equipment, mechanization and automation of production processes, modernization and replacement of the run-down equipment, improvement of quality and increase in the volume of supplied electric energy.

#### *Annual program of the industrial development for 2008. (plan)*

№ Item No.	Name of activity	Investments (ths rub.)	Including:	
			Technical upgrade and modernization	New construction
1	Troitsk GRES	1 985 761	219 061	1 766 700
2	Surgut GRES-1	226 099	226 099	0
3	Pskov GRES	77 245	77 245	0
4	Stavropol GRES	1 788 900	143 587	1 645 313
5	Serov GRES	604 341	71 184	533 157
6	Executive body	146 871	146 871	0
	<b>Total for the OAO "OGK-2"</b>	<b>4 829 216</b>	<b>884 047</b>	<b>3 945 170</b>

#### *Planned and actual volume of investments in technical upgrade and modernization in 2006-2008, ths rub.*

GRES	2006			2007			2008		
	Plan	Act.	accomplished, %	Plan	Act.	accomplished, %	Plan	Act.	accomplished, %
Serov	47 945	67 312	140%	62 071	70 904	114%	71 184	62 134	87%
Stavropol	159 314	167 319	105%	178 613	203 709	114%	143 587	64 336	45%
Pskov	105 054	122 480	117%	237 728	241 652	102%	77 245	64 729	84%
Troitsk	110 052	142 582	129%	350 020	306 328	88%	219 061	171 578	78%
Surgut	200 414	223 838	117%	304 635	296 068	97%	226 099	137 038	61%
Executive body	273 371	84 697	31%	88 159	70 344	80%	146 871	17 446	12%
<b>TOTAL</b>	<b>896 150</b>	<b>808 255</b>	<b>90%</b>	<b>1 221 225</b>	<b>1 189 004</b>	<b>97%</b>	<b>884 047</b>	<b>517 262</b>	<b>59%</b>

#### *Planned and actual volume of investments in new construction in 2006-2008, ths rub.*

GRES	2006			2007			2008		
	Plan	Act.	accomplished, %	Plan	Act.	accomplished, %	Plan	Act.	accomplished, %
Serov	79 820	28 098	35%	125 362	53 909	43%	533 157	36 280	7%
Stavropol	20 000		0%	58 620	82 131	140%	1 645 313	22 968	1%
Pskov	5 000	1 663	33%	5 000	5 000	100%			
Troitsk	24 007	11 189	47%	135 517	135 896	100%	1 766 700	34 086	2%
Surgut									
Executive body							0	256	
<b>TOTAL</b>	<b>128 827</b>	<b>40 950</b>	<b>32%</b>	<b>354 499</b>	<b>276 935</b>	<b>78%</b>	<b>3 945 170</b>	<b>93 589</b>	<b>2%</b>

In accordance with the Program of Technical upgrade and modernization for 2008 the investments allocated for technical upgrade and modernization are represented as follows:

*Share of funds in the total volume of investment programs (actual) allocated for technical upgrade and modernization in 2006-2008.*

Name of index	2006	2007	2008
<b>Serov GRES</b>			
Investment, total	95 410	124 813	98 414
also for technical upgrade and modernization: in absolute terms	67 312	70 904	62 134
in % to investment volume	71%	57%	63%
<b>Stavropol GRES</b>			
Investments, total	167 319	285 840	87 304
also for technical upgrade and modernization: in absolute terms	167 319	203 709	64 336
in % to investment volume	100%	71%	74%
<b>Pskov GRES</b>			
Investments, total	124 170	246 652	64 729
also for technical upgrade and modernization: in absolute terms	122 480	241 652	64 729
in % to investment volume	99%	98%	100%
<b>Troitsk GRES</b>			
Investments, total	153 771	442 223	205 663
also for technical upgrade and modernization: in absolute terms	142 582	306 328	171 578
in % to investment volume	93%	69%	83%
<b>Surgut GRES-1</b>			
Investments, total	223 838	296 068	137 038
also for technical upgrade and modernization: in absolute terms	223 838	296 068	137 038
in % to investment volume	100%	100%	100%
<b>Executive body</b>			
Investments, total	84 697	70 344	17 702
also for technical upgrade and modernization: in absolute terms	84 131	70 344	17 446
in % to investment volume	99%	100%	99%

*Commissioning of fixed assets (technical upgrade and modernization)*

No. Item No.	Name of activity	Implementation of fixed assets (ths rub.)		%
		Plan	Act.	
1	Troitsk GRES	360 978	329 237	91%
2	Surgut GRES-1	210 533	155 895	74%
3	Pskov GRES	77 245	49 809	64%
4	Stavropol GRES	359 062	146 294	41%
5	Serov GRES	140 863	66 336	47%
6	Executive body	103 961	14 952	14%
	<b>Total for OAO OGK-2</b>	<b>1 252 642</b>	<b>762 523</b>	<b>61%</b>

*Technical upgrade and modernization activities held in 2008.*

№ Item No.	Name of activity	Technical upgrade and modernization (ths rub. exclusive of VAT)		
		Equipment	Buildings	Constructions
1	Troitsk GRES	171 578	0	0
2	Surgut GRES-1	137 038	0	0
3	Pskov GRES	28 256	0	36 473
4	Stavropol GRES	64 336	0	0
5	Serov GRES	13 137	26 971	22 026
6	Executive body	17 446		
	<b>Total for OAO "OGK-2"</b>	<b>431 792</b>	<b>26 971</b>	<b>58 499</b>

Bulk of capital investment (84%) went to modernization and reconstruction of equipment; 5% to facilities; 11% to buildings.

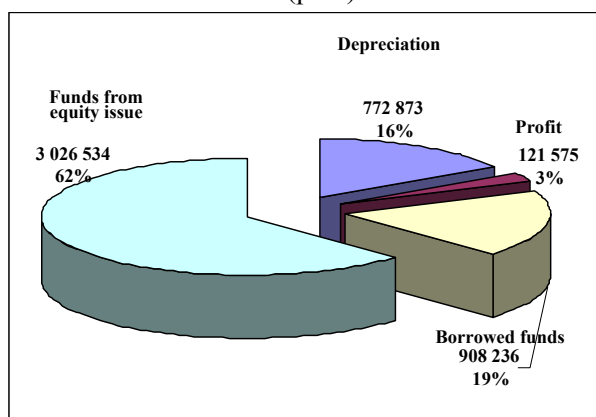
*Financing sources of investment programs in 2008.*

№ Itе	GRES	Investments Plan (ths	Plan, incl.:				Investments Act. (ths	Act., incl.:		
			Deprecia	Income	Borrowed	Funds		Depreciatio	Income	Borro

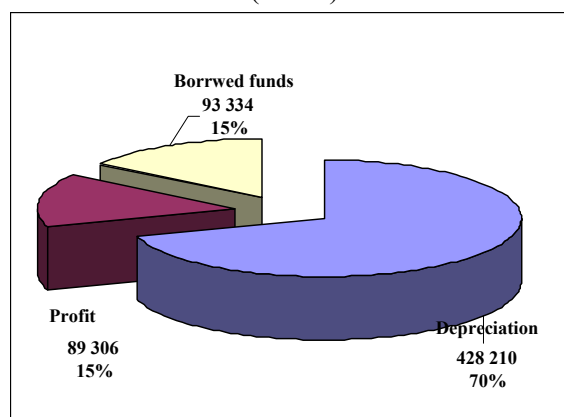
m No		(rub)	tion		funds	provided from shares issue	(rub)	n		wed funds
1	Troitsk	1 985 761	227 961		91 184	1 666 616	205 663	171 577		34 086
2	Surgut	226 099	145 52	80 575			137 038	57 225	79 813	
3	Pskov	77 245	77 24				64 729	64 729		
4	Stavropol	1 788 900	143 58		285 395	1 359 918	87 304	64 336		22 968
5	Serov	604 341	72 68		531 657		98 414	62 134		36 280
6	Executive body	146 871	105 87	41 000			17 702	8 209	9 493	
<b>Total by OAO "OGK-2"</b>		<b>4 829 216</b>	<b>772 87</b>	<b>121 575</b>	<b>908 236</b>	<b>3 026 534</b>	<b>610 851</b>	<b>428 210</b>	<b>89 306</b>	<b>93 334</b>

### Balance of financing sources

(plan)



(actual)



### Structure of capital investment by spheres of activities

№ Item No.	Name of branch	Investments, actual (ths rub.)	Also by spheres					
			Primary equipment	Power supply networks	Heat networks	Machinery not requiring installation	Prospective Design engineering activities	Other facilities
<b>Investments in technical upgrade and modernization</b>								
1	Troitsk GRES	171 577	17 592	0	0	605	0	153 380
2	Surgut GRES-1	137 038	21 670	15 750	67 491	6 170	502	25 456
3	Pskov GRES	64 729	3 179	5 811	4 801	12 063	0	38 876
4	Stavropol GRES	64 336	8 986	3 371	0	16 389	450	35 140
5	Serov GRES	62 134	686	0	0	2 026	101	59 320
6	Executive body	17 446				2 601	1 400	13 445
<b>Total for technical upgrade and modernization</b>		<b>517 517</b>	<b>52 113</b>	<b>24 932</b>	<b>72 292</b>	<b>39 854</b>	<b>2 453</b>	<b>325 617</b>
<b>Investments in new construction</b>								
1	Troitsk GRES	34 086	16 013				18 073	
2	Surgut GRES-1							
3	Pskov GRES							
4	Stavropol GRES	22 968	22 100			72	795	
5	Serov GRES	36 280	6 924				28 332	1 024
6	Executive body	256						256
<b>Total for new construction</b>		<b>93 589</b>	<b>45 037</b>			<b>72</b>	<b>47 200</b>	<b>1 280</b>
<b>Total for OAO OGK-2</b>		<b>610 851</b>	<b>97 150</b>	<b>24 932</b>	<b>72 292</b>	<b>39 926</b>	<b>49 653</b>	<b>326 897</b>

The yearly program for technical upgrade and modernization of the OAO "OGK-2" for the year 2008 approved by the Unified Energy System of Russia made provisions for capital investments of 884 047 ths rub. (exclusive of VAT) Actual implementation of the Technical upgrade and modernization program in the OAO "OGK-2" amounted to 517 262 ths rub. (exclusive of VAT) or 58.5% to year plan.

Primary financing source of the technical upgrade and reconstruction was depreciation, provided for by rates and unused profit of the previous years.

Yearly investment program mainly plans achieving maximally efficient investment of own financing sources of the stations, which are primarily intended for fulfillment of reconstruction work started in the early 2000s, where the financing was not adequate for commissioning at the stated time.

*Projects for implementation of the new equipment and technologies:*

#### **Pskov GRES**

Introduction of the hardware and software system "Synhrograf 1.0" for participation in the normalized natural frequency regulation - 3745,6 ths rub.

Replacement of the oil circuit-breakers at KRU - 6 kW, power unit No. - 1 24,6 ths rub.

#### **Troitsk GRES**

KTTS-1. Reconstruction of the stack gas cleaning system of the boiler units, phase 1 (St. No. K-1B, K-2B, K-3A) with replacement of the scrubbers by the modern gas-cleaning equipment (emulsifiers) 59 540,2 ths rub.

#### **Serov GRES**

Equipping the turbogenerator set No. 4 with the vibrodiagnostics system - 7685,9 ths rub.

#### **Surgut GRES-1**

Implementation of quantitative and qualitative regulation of heat supply to the city with the use of the variable drives. - 67490,7 ths rub.

Replacement of the current transformers 500 kW, due to end of service life (2008, 3 units) - 2227,1 ths rub.

Reconstruction of the RPD-500 with exchange of RVMG-500 to OPN-500 at the power unit of st. No. 15 - 3545,8 ths rub.

Modernization of the turbine shroud seals at the power unit No. 8, including design - 7613,1 ths rub.

Modernization of the turbine shroud seals at the power unit No. 15, including design - 7706,7 ths rub.

Introduction of the hardware and software system "Synhrograf 1.0" to the system services market (participation in normalized natural frequency regulation) - 4026,2 ths rub.

#### **Stavropol GRES**

Reconstruction of the turbine automatic control system, the information subsystems, the process protection systems, the alarm system of the boiler automatic regulators and the turbogenerator set of the power unit No. 3 of the technical control center 45122,0 ths rub.

Replacement of the potential transformers at the open distributive system ORU 110kW ( units) - 2308,6 ths rub.

Implementation of the hardware and software system "Synchrograf 1.0" - 5057,6 ths rub.

Replacement of the package transformer parts for solid insulation elements at the power units 1 and 3 - 2830,7 ths rub.

Introduction of the data collection and transfer system (SSPI) for the purposes of the Automatic system for commercial accounting of power consumption (ASKUE) and the Energy management system (ASDU) - 30425 ths rub.

### **5.4. Execution of the reliability improvement programs**

#### **Pskov GRES**

- Installation of a reserve make-up pump No. 3, the power unit of station 2 - 6093,6 ths rub.
- Replacement of the current transformers at the open distributive system, ORU 330 kW - 1379,3 ths rub.
- Replacement of the underground pipeline sections of the heat distribution network - 5657,8 ths rub.

#### **Troitsk GRES**

- Power unit No. 8 Reconstruction of PVD 7,8,9. - 812,2 ths rub.
- Weir. Replacement of the shutter No. 6 - 16639,8 ths rub.

- KTTs-3, power unit No. 8. Reconstruction of the stator coil, generator TGV-500 -1447,3 ths rub.
- Replacement of the car dumper No. 2. - 1320,2 ths rub.
- KTTs-3, power unit No. 8. Reconstruction of the thyristor excitation system 1007,4 ths rub
- KTTs-3 Reconstruction of the gas flues, phase 3. - 18304,1 ths rub.
- KTTs-3 Reconstruction of the exhaust stack No. 4 - 15137,2 ths rub.

#### **Serov GRES**

- Reconstruction of the roof covering of the main building 20875,7 ths rub.
- Reconstruction of the roof covering of GRP- 2126,7 ths rub.

#### **Surgut GRES-1**

- Reconstruction of the supply transformers 6/04 103T and 104T. - 13523,3 ths rub.
- Reconstruction of the protective plate with exchange of NKF-220 to NDE-220 at SSH ORU - 8553,3 ths rub.
- Reconstruction of the gas supply system, unit 6 - 63,8 ths rub.

#### **Stavropol GRES**

- Reconstruction of the automatic fire extinguishing system of the main building and the industrial site - 11632,3 ths rub.

### **5.5. Development of information technologies**

Within the framework of development of the Electronic Document Management System (EDMS) in 2008 the Company started implementation of the contract management automation subsystem, which allows to automate the processes of contract preparation, coordination, signing, registration, introduction of alterations, and recording.

Within the framework of realization of the project "Implementation of integration solution based on EMC Documentum products for the documentation management of quality management system (QMS)" the following tasks are solved:

- provision of mechanisms of the official approval of QMS documents in terms of their feasibility, before their issue;
- automation of the analytic mechanisms, updating on an as-needed basis and the recurrent official approval of documents;
- the automated mechanisms of document change identification and document revision status.

To ensure quality telephonic communication for the personnel, while cutting down the expenses for long-distance communication and expanding the range of voice communication services the PBX of the executive body was modernized. The communications central of the Serov GRES was also modernized and connected to the integrated telephone network of the Company in the second quarter of 2008. As a result using the VoIP technology an integrated telephone network of the Company was deployed. This offer opportunities of single numbering scheme, short dial numbers, and corporate conference calls. Implementation of this project allowed to cut down expenses for long-distance telephony and improve its quality.

Currently the stage of experimental operation of the unified telephone network and conference communication system nears completion.

## Reference information

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General Director	
Stanislav Vitalyevich Neveynitsyn	
Web address	
www.ogk2.ru	
Information on auditors	
ZAO "PricewaterhouseCoopers Audit"	115054, Moscow, Kosmodamianskaya Nab. 52, page 5 Tel.: (495) 967-60-00, fax: (495) 967-60-01
Information of registrar	
OAO "Tsentralny Moskovsky Depozitariy"	105082, Moscow, ul. Bolshaya Pochtovaya, d. 34, page 8
Contact persons on shareholders and investors relations	
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## **Declaration of the Board of Management**

To the best of our knowledge, we resolutely state that the Financial Statements, prepared in accordance with the applicable set of accounting standards, reflect a true and precise state of affairs concerning the assets, liabilities, financial position and profit or loss of the Company, and the Company Management Report provides a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities, risks and uncertainties that they face.

The present report on compliance with recommendations contained in the Code of corporate conduct was drawn up in accordance with the procedural recommendations approved by the regulation of the Federal Commission for the Securities Market of Russia on April 4, 2002, No. 03-849/r.

No.	Provision of Code	Compliant or non-compliant	Note
<b>General shareholder meeting</b>			
1.	Notice to shareholders on intent to convene the General shareholder meeting no less than 30 days before the meeting date unless the law determines a larger notice period.	Compliant	cl. 11.5. of the Charter
2.	Opportunity for shareholders to study the list of persons entitled to participate in the General shareholder meeting beginning from the day of the notice until the in-presence General shareholder meeting is closed. In case of an in-absentia General shareholder meeting - until the end of voting bulletin acceptance period.	Compliant	Art. 51 of Law on JSC
3.	Opportunity for the shareholders to study information (materials) relevant to preparation and the General shareholder meeting proper, by means of electronic communications, including the Internet.	Compliant	cl. 11.7. of the Charter
4.	Opportunity for shareholders to put issues on the general meeting agenda or request a convocation of general shareholder meeting without a statement from the shareholders' register, if such shareholder's title to the shares is attested by a shareholders' register. Where the shareholder's title to the shares is attested by a DEPO account, a statement from the DEPO account will suffice in order to exercise the above rights.	Compliant	cl. 13.1. and 13.2. of the Charter
5.	Stipulation of provisions in the Company's Charter or internal documents requiring the presence of the general director, members of the management board, Board of Directors, Internal Audit Commission, as well as auditor of the Company at a General shareholder meeting.	Compliant	cl. of 5.2.2 of Corporate governance code
6.	Mandatory presence of candidates at the General shareholder meeting, when issues of election of the Board of Directors' members and Internal Audit Commission's members, as well as approval of the Company's auditor are considered.	Compliant	cl. of 5.2.2 of Corporate governance code
7.	Stipulation in the Company's internal documents of a procedure regulating registration of participants of the General shareholder meeting.	Compliant	Section 3.1. Provisions on order of calling and holding of the General shareholder meeting, clause 11.3. of the Charter
<b>the Board of Directors</b>			
8.	Stipulation in the Company's Charter of authority of the Board of Directors to approve the Company's financial and economic plan on an annual basis.	Compliant	cl. 15.1.19. of the Charter
9.	Existence of a risk management procedure for the Company approved by the Board of Directors.	Non-compliant	The Company worked out and is in compliance with the Risk management policy (reporting information available in Annual reports of the Company)
10.	Stipulation in the Company's Charter of the Board of Directors' right to decide on suspension of powers of the General Director appointed at the general shareholder meeting.	Not applicable (appointed by the Board of Directors)	as per 13 cl. 15.1. of the Charter

No.	Provision of Code	Compliant or non-compliant	Note
11.	Stipulation in the Company's Charter of the Board of Directors' right to establish criteria for qualification and the size of remuneration of the General Director, members of the Managing board, and heads of the main Company's divisions.	Compliant	as per 12,13,32,43 cl. 15.1. of the Charter
12.	Stipulation in the Company's Charter of the Board of Directors' right to approve conditions of agreements with the General Director and members of Managing board.	Compliant	as per 12,13,32,43 cl. 15.1, cl. 20.5
13.	Stipulation in the Company's Charter or internal documents of the requirement that on approving conditions of agreements with the General Director (managing company or manager) and members of Managing board, the votes of the Board of Directors' members, who also serve as the general director and the managing boards' members, are not taken into consideration.	Non-compliant	
14.	Presence of no less than 3 non-executive directors on the Board of Directors, which meet the requirements of the Code of corporate conduct	Compliant	10 independent directors are members of the Board of Directors of the Company
15.	No members of the Board of Directors found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations in business, finance, taxes and levies, or securities market.	Compliant	The said persons are not present in the Board of Directors.
16.	The Board of Directors does not include persons being participants, general directors (managing directors), members of administration or employees of the legal entities competing with the Joint stock company.	Non-compliant	Member of the Board of Directors of the Company is the General Director and a member of the Board of Directors of the rival company (OAO "OGK-6").
17.	Stipulation in the Company's Charter of a requirement to elect the Board of Directors by cumulative vote.	Compliant	cl. 10.8. of the Charter
18.	Stipulation in the Company's internal documents of a regulation obligating the members of the Board of Directors to refrain from acts, which will result in or are potentially capable of leading to a conflict of their interests with the interests of the Company, and in case of such conflict, obligating to disclose such information on the conflict to the Board of Directors.	Compliant	clause of 4.1.6 of the Code of corporate governance
19.	Stipulation in the Company's internal documents of an obligation of the Board of Directors' members to notify the Board of Directors in writing on intentions to make transactions with securities of the Company, in which they are members of the Board of Directors or members of the Board of Directors of its subsidiaries (affiliates), as well as to disclose information on the transactions they made with such securities.	Compliant	cl. 4.1. Provisions on insider information
20.	Stipulation in the Company's internal documents of a requirement to hold meetings of the Board of Directors at least once every six weeks.	Non-compliant	cl. 18.2. of the Charter and cl. 5.1. Provisions on order of calling and holding of the Board of Directors
21.	Conducting the Board of Directors' meetings in a year, for which the Company's annual report is being prepared, at least once every six weeks.	Compliant	During the reporting period 28 meetings of the Board of Directors were held with frequency of no less once per four weeks.
22.	Stipulation in the Company's internal documents of a procedure for conducting the Board of Directors' meetings.	Compliant	Provisions on order of calling and holding of the Board of Directors
23.	Stipulation in the Company's internal documents of the obligation for the Board of Directors to approve all Company transactions worth more than 10 % of the	Compliant	as per "b" cl. 15.1.37. of the Charter

No.	Provision of Code	Compliant or non-compliant	Note
	Company assets, except for the deals made in the course of standard economic activities.		
24.	Stipulation in the Company's internal documents of the right of the Board of Directors to obtain from the executive bodies and the heads of the Company's divisions the information required to assist the Board of Directors in fulfilling its duties, as well as responsibility for failure to submit such information.	Compliant	cl. 3.1.1., cl. 3.2. Provisions on order of calling and holding of the Board of Directors
25.	Availability of the Board of Directors' Committee on strategic planning or assignment of this Committee's functions to another Committee (excluding the Audit Committee and the Committee on personnel and compensations).	Compliant	Committee on strategy of the Board of Directors was formed by resolution of the Board of Directors of November 28, 2006. By decision of the Board of Directors of July 30, 2008 the Committee on strategy was renamed to Committee on strategy and investments
26.	Availability of the Board of Directors' Committee (Audit Committee), which advises the Board of Directors on selection of an auditor for the joint stock company and cooperates with the auditor and the Company's Internal Audit Commission.	Compliant	Audit Committee of the Board of Directors was formed by resolution of the Board of Directors of November 28, 2006.
27.	Presence of non-executive and independent directors on the Audit Committee only	Compliant	All members of the Audit Committee of the Board of Directors are independent directors
28.	An independent director's chairmanship of the Audit Committee of the Board of Directors.	Compliant	The Audit Committee of the Board of Directors of the Company is headed by an independent director.
29.	Stipulation in the Company's internal documents of the right of all Audit Committee's members to have access to any of the joint stock company's documents and information on a non-disclosure basis.	Compliant	Ch.4 Provisions on Audit Committee of the Board
30.	Establishment of the Board of Directors' Committee (Personnel and Compensation Committee), which function is preparing the selection criteria for candidates to the Board of Directors and developing the joint stock company's remuneration policy.	Compliant	By decision of the Board of Directors of August 6, 2007 (Protocol No. 79/79) the Personnel and Compensation Committee of the Board of Directors established.
31.	An independent director's chairmanship of the Personnel and Compensation Committee.	Compliant	The Personnel and Compensation Committee of the Board of Directors of the Company is headed by an independent director.
32.	Absence of joint stock company's executives on the Personnel and Compensation Committee.	Compliant	No joint stock company's executives present in the Personnel and Compensation Committee.
33.	Establishment of the Board of Directors' Committee for risks or assignment of this Committee's functions to another Committee (excluding the Audit Committee and the Personnel and Compensation Committee).	Non-compliant	Article 19 of the Company's Charter empowers the Board of Directors to establish the Committees for elaboration of issues within the scope of the Board of Directors or viewed by the Board of Directors by way of control the executive body's activities or preparation of necessary recommendations to the Board of Directors and executive body of the Company.
34.	Establishment of the Board of Directors' Committee for corporate conflict settlement or assignment of this Committee's functions to another Committee (excluding the Audit Committee and the Personnel and Compensation Committee).	Non-compliant	Article 19 of the Charter empowers the Board of Directors to establish the Committees for elaboration of issues within the scope of the Board of Directors or viewed by the Board of Directors by way of control the executive body's activities or preparation of necessary recommendations to the Board of Directors and executive body of the Company.
35.	No Company's executives on the Committee for corporate conflict settlement.	Non-compliant	No Committee on corporate conflict settlement established in the Company
36.	An independent director's chairmanship of the Committee for corporate conflict settlement.	Non-compliant	No committee on corporate conflict settlement established in the Company
37.	Existence of the Company's internal documents approved by the Board of Directors,	Compliant	Currently the Company has the following committees:

No.	Provision of Code	Compliant or non-compliant	Note
	providing for the procedure of establishing and functioning of the Board of Directors' Committees.		1. Committee of the Board of Directors on reliability, 2. Committee of the Board of Directors on strategy, 3. Audit Committee of the Board of Directors, 4. Personnel and Compensation Committee of the Board of Directors Formation and operational procedure of Committees are regulated by: 1. by Provision on Committee of the Board of the Company on reliability approved by the Board on November 30, 2005 (Protocol No. 15/15 of November 30, 2005) 2. by Provision on Committee of the Board of the Company on strategy and investments (Protocol No. 3 of July 30, 2008) 3. by Provision on Audit Committee of the Board of the Company (Protocol No. 49/49 of November 28, 2006) 4. Provision on Personnel and Compensation Committee of the Board (Protocol No. 3 of August 6, 2007.)
38.	Stipulation in the Company's Charter of the procedure of designating the Board of Directors' quorum, which will provide for mandatory participation of independent directors in the Board of Directors' meetings.	Compliant	cl. 18.11. of the Charter
<b>Executive bodies</b>			
39.	Existence of the Company's collective executive body (Managing board).	Compliant	
40.	Stipulation in the Company's Charter or the internal documents of the mandatory approval of real estate transactions and loan agreements by the Managing board, if these deals are not considered as major and do not belong to standard economic activities of the company.	Compliant	cl. 21.1.4. of the Charter
41.	Stipulation in the Company's internal documents of the procedure for coordinating transactions, which are beyond the scope of the Company's financial and economic plan.	Compliant	Clause 15.1.19 of the Charter
42.	The executive body does not include persons being participants, general directors (managing directors), members of the administration or employees of the legal entities competing with the joint stock company.	Compliant	cl. 20.6. of the Charter
43.	The executive body of the joint-stock company does not include persons who were found guilty of economic crime or crime against the state, civil service and local authorities or who were subject to administrative penalty for offence in the sphere of entrepreneurship, finance, taxes and tax collections, or stock market operations. If the functions of a sole executive body are carried out by the managing organization or manager - the General Director and the members of the board of the managing organization or the managing director conform to requirements specified for the General director and members of the Managing board of the joint stock company	Compliant	Internal documents do not embody regulations, which can place the said limitations for the persons being the members of the executive bodies.
44.	Stipulation in the Charter or in the internal documents of the Company of a regulation providing against performing corresponding functions in a competing company by the managing organization (managing director), and also prohibiting any property relations with the joint stock company, apart from rendering services to the managing organization (managing director)	Non-compliant	Functions of a sole executive body of the managing organization were not delegated.

No.	Provision of Code	Compliant or non-compliant	Note
45.	Stipulation in the internal documents of the Company of a regulation obligating the executive bodies to refrain from acts, which will result in or are potentially capable of leading to a conflict of their interests with the interests of the joint stock company, and in case of such conflict, obligating to inform the Board of the fact.	Non-compliant	Internal documents do not formulate these responsibilities.
46.	Stipulation in the Company's Charter or internal documents of the criteria for selection of a managing company (manager).	Non-compliant	No criteria for selection stipulated in the Charter
47.	Monthly reports of executive bodies of the joint stock company are delivered to the Board of Directors.	Compliant	
48.	Allocation of responsibility in the agreements concluded by the joint stock company with the General Director (managing organization, managing director) and members of the Managing board for infringement of provisions on use of confidential and insider information.	Compliant	cl. 20.12. of the Charter Section 5, Provisions on insider information
<b>Company Secretary</b>			
49.	Availability of a special employee (the Company secretary) in the Company, whose task is to ensure observance by the bodies and executives of the Company of the procedural requirements, which guarantee implementation of the rights and legitimate interests of the shareholders of the Company.	Compliant	Article 4 of Provisions on order of calling and holding of the Board of Directors
50.	Stipulation in the Company's Charter or internal documents of the procedure for appointing (electing) the Company secretary and establishing the secretary's duties.	Compliant	Clauses 4.2, 4.3, 4.4 of Provisions on order of calling and holding of the Board
51.	Stipulation in the Company's Charter of requirements for secretary candidates.	Non-compliant	
<b>Substantial corporate actions</b>			
52.	Stipulation in the Company's Charter or internal documents of a requirement to approve large transactions before they are made.	Compliant	cl. 15.1.24. of the Charter
53.	Mandatory engagement of an independent assessor to appraise the market value of the property that is the subject of a large transaction.	Compliant	Art. Art. 75 of Law on JSC
54.	Presence of a provision in the Charter, which prohibits, in process of acquisition of large blocks of shares of the joint stock company (takeover), any actions aimed at protection of interests of the executive bodies (members of these bodies) and the members of the Board of Directors, and also infringing the interests of shareholders as compared to existing (in particular, prohibiting acceptance of a decision by the Board of directors (before expiration of presumed time-limit for acquisition of shares) concerning issue of new shares, issue of securities convertible to shares, or securities granting the right for acquisition of shares of the Company, even if such right is granted by the Charter).	Non-compliant	
55.	Presence of a provision in the Charter, which requires engaging an independent assessor to evaluate current market value of shares and possible change in their market value as a result of takeover.	Compliant	cl. 15.1.41 of the Charter
56.	No clause in the Charter releases an acquirer from responsibility of offering the shareholders to sell their ordinary shares of the Company (equity securities convertible to ordinary shares) on takeover	Compliant	
57.	Stipulation in the Charter or in the internal documents of a requirement for	Compliant	cl. 15.1.41 of the Charter

No.	Provision of Code	Compliant or non-compliant	Note
	obligatory engagement of an independent assessor to determine conversion ratio of shares on reorganization.		
<b>Disclosure of information</b>			
58.	Availability of a document approved by the Board of directors, which determines the rules and approaches of the Company to disclosure of information (Provisions on informational policy)	Compliant	Provisions on information policy approved by decision of the Board of Directors of September 26, 2006
59.	Stipulation in the Charter or in the internal documents of a requirement for disclosure of information on objectives of share placing, on persons intending to buy the shares placed, also including large blocks of shares, and the information concerning probable participation in acquisition of shares by the top management.	Non-compliant	
60.	Presence in the internal documents of an information list, documents and materials, which should be made available to the shareholders for the purposes of resolution of the issues treated at the General shareholder meeting.	Compliant	
61.	The joint stock company owns a web-site in the Internet, where information concerning this joint stock company is regularly published.	Compliant	Company's web address <a href="http://www.ogk2.ru">http://www.ogk2.ru</a>
62.	Availability in the internal documentation of a requirement for disclosure of information on transactions with the persons being according to the Charter the members of the top management of the Company, and also on transactions of the Company with the organizations, where the top management expressly or by implication owns 20 or more percent of the authorized capital of the Company, or which such persons can substantially influence otherwise	Compliant	Provisions on insider information
63.	Presence of a provision in all internal documents requiring disclosure of information on all transactions, which can influence market value of shares of the joint stock company.	Compliant	Clause 5.2.10 of Provisions on informational policy
64.	Availability of the internal documentation approved by the Board of Directors, concerning use of substantial information on the Company's activities, shares and other securities of the Company and operations with these securities, which is not made publicly available and disclosure of which can essentially influence market value of shares and other securities of the Company	Compliant	Provisions on insider information
<b>Financial and economic control</b>			
65.	Availability of procedures approved by the Board of Directors concerning internal control of financial and economic activities of the Company	Compliant	Provisions on procedures of internal control of financial and economic activities of the Company
66.	Availability of a specialized subdivision of the Company enforcing procedures of internal control (supervision and auditing service)	Compliant	The Company's structure includes the Internal Audit Department, which tasks is auditing in the sphere of corporate governance and management of capital, business and tax accounting, reporting, economics, procurement, financial, legal and operational issues.
67.	Stipulation in the Company's s internal documents of a regulation on determination	Non-compliant	

No.	Provision of Code	Compliant or non-compliant	Note
	of the structure of the supervision and auditing service of the Company.		
68.	No persons in the Company's supervision and auditing service found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations with business, finance, taxes and duties or securities market.	Compliant	
69.	The supervision and auditing service does not include persons being the members of executive bodies if the joint stock company, and also persons being the participants, General directors (managing directors), members of administration or employees of the legal entities competing with the joint stock company.	Compliant	
70.	Internal documentation specifies the date the documents and materials were presented to supervision and auditing service for evaluation of financial and economic activities, and also specifies responsibility of the designated employees for non-presentation within the prescribed period.	Non-compliant	Term not defined
71.	In the internal documentation the supervision and auditing service is held responsible for informing the Auditing committee of identified violations, and in the absence thereof, informing the Board of Directors of the joint stock company.	Non-compliant	
72.	Stipulation in the Company's Charter of the provision requiring the supervision and auditing service to assess advisability for making transactions (nonstandard transactions) that are not included in the Company's financial and economic plan.	Non-compliant	
73.	Stipulation in the Company's internal documents of the procedure for coordination of nonstandard transactions with the Board of Directors.	Compliant	cl. 15.1.22., cl. 15.1.42 of the Charter
74.	Availability of the document approved by the Board of Directors and determining the procedure of inspection of financial and economic activities of the Company by the Internal Audit Commission	Compliant	Provisions on Internal Audit Commission
75.	Review by the Audit Committee of the auditors' opinion prior to presentation thereof to the shareholders at a General meeting.	Compliant	Ch.3. Provisions on Audit Committee of the Board of Directors
<b>Dividends</b>			
76.	Availability of the internal document approved by the Board of Directors and used in acceptance of recommendations on the dividend rate (Provisions on dividend policy)	Compliant	Provisions on dividend policy approved by the Board of Directors as of April 11, 2008
77.	Stipulation in the Dividend Policy Regulations of the procedure for determining a minimum amount of the Company's net profits allocated for dividend payout, and conditions, under which dividends are not paid fully or partially on preferred shares; the size of dividends on these preferred shares is set in the Company's Charter.	Non-compliant	
78.	Information on dividend policy and any changes therein are published in a periodical stipulated by the Charter of the joint stock company for publication of reports on holding General meetings, also such information is published at the Company's web site in the Internet.	Compliant	Provisions on dividend policy is published at the web site.

Annex 2.  
List of transactions effected by the Company in 2008.

No.	Related parties	Subject of transaction	Price of transaction, rub. (or order of price determination)
Transactions acknowledged as major transactions in accordance with the federal law "On Joint Stock Companies"			
1.	-		
Transactions acknowledged as being of interest to a party in accordance with the Federal law "On Joint Stock Companies"			
1.	OAo "OGK-2" (Consumer of services) OAo UTs Energetiki (Contractor)	Making signature keys. Making certificates of signature keys in the form of paper documents and (or) in electronic form. Providing (on user's request) electronic copies of certificates of signature keys registered in the Register of certificates issued by the Centre. Revocation (withdrawal), suspension and (or) revalidation of certificates of signature keys. Providing information on the Customer's request concerning withdrawn or suspended certificates of signature keys. Validation of electronic digital signatures in electronic documentation. Validation of electronic digital signature of a responsible employee of the OAo "UTs Energetiki" in certificates of signature keys made by the Center. Visit of a representative of the OAo "UTs Energetiki" to the address furnished by the Customer with the purpose of issuing the certificates of signature keys. Other services connected with use of electronic digital signature.	4 646 incl. VAT of 708, 71
2.	OAo "OGK-2" (Customer) OAo "Inzhenerny Tsentr UES" (Contractor)	Rendering services of certification testing for participation in the normalized primary and automatic secondary regulation of frequency and power. Power unit No. 3, Stavropol GRES	483 800 incl. VAT of 73 800
3.	OAo "OGK-2" (Buyer) OAo "Tyumenenergomont" (Supplier)	The supplier shall supply liquid nitrogen in accordance with the terms and conditions of the contract, hereinafter referred to as the Goods to the Buyer, and the Customer shall accept and pay for the goods in accordance with the terms and conditions of the contract.	315 060 including VAT of 48 060
4.	OAo "OGK-2" (Customer) OAo "TsKB Energomont" (Contractor)	Services of methodological and consultative support in process of formation of contracted prices for repair of power equipment in 2008.	170 687 including VAT of 26 037
5.	OAo "OGK-2" (Customer) OAo "Inzhenerny Tsentr UES" (Contractor)	Rendering services of "Inspection and coordination of time schedules for black start of the power unit (300 MW), Troitsk GRES, branch of the OAo "OGK-2".	327 096 including VAT of 49 896
6.	OAo "OGK-2" (Customer) OAo "Inzhenerny Tsentr EES" (Contractor)	Rendering services of "Inspection and coordination of time schedules for black start of power unit (500 MW), the Troitsk GRES, branch of the OAo OGK-2.	327,096 incl. VAT of 49 896
7.	OAo "OGK-2" (Customer) OAo "Inzhenerny Tsentr UES" (Contractor)	Rendering services of inspection control of certified sites; power units No. 1, 3, 5 of Stavropol GRES, branch of the OAo "OGK-2".	920 031, 84 including VAT of 140 343,84
8.	OAo "GidroOGK", OAo "FSK EES", OAo "Sochinskaya TES", OAo "Holding MRSK", OAo "RAO Energeticheskiye sistemy Vostoka", OAo "OGK-2">	Organization of cooperation of the parties with the purpose of informational exchange promoting exercise of authority of all parties involved in accordance with the legislation of the Russian Federation.	-
9.	OAo "OGK-2" (Customer) OAo "Yuzhny Inzhenerny Tsentr Energetiki" (Contractor)	Rendering services of "Check calculations of the pipeline support and suspension system of the power unit No. 6 and measuring tension degree of pipeline suspension springs of the power units No. 1, 3, 5, 7".	2 816,198, 79 incl. VAT of 429 589,65
10.	OAo "OGK-2" (Customer) OAo "Yuzhny Inzhenerny Tsentr Energetiki" (Contractor)	Rendering services of "Determining operating conditions of boiler No. 5 TMGP-314A with minimal hazardous atmospheric emissions (NOx, SO2 etc.)."	1 528,847.31 incl. VAT of 233 214
11.	OAo "OGK-2" (Customer) OAo "Tyumenenergo" (Contractor)	In 2008 the Contractor shall render services of carrying-out of chemical laboratory tests for the Customer in accordance with the terms and conditions of the contract.	1,062,000 incl. VAT of 162 000
12.	OAo "OGK-2" (Customer) OAo "Stavropolenergo" (Contractor)	In 2008 the Contractor shall render services of determining turbine oil stability for the Customer in accordance with the terms and conditions of the contract.	302 245, 80 including VAT of 46 105, 29
13.	OAo "Tyumenenergo" (Lessee) OAo "OGK-2" (Lessor)	The Lesser will furnish the real property to the Lessee on a loan basis: specifically, railway tracks No. 30, 31, 32 under the following address: city of Surgut, Tyumen region, Khanty-Mansi Autonomous Okrug. Territory of the affiliate, total length of 603,8 m	10 539, 49 including VAT per one month
14.	OAo "OGK-2" (Customer) OAo "Yuzhny Inzhenerny Tsentr Energetiki"	Services of carrying-out energy inspection of energy company.	3 174 107,72 incl. VAT of 484 185,92

No.	Related parties	Subject of transaction	Price of transaction, rub. (or order of price determination)
	(Contractor)		
15.	AOO OGGK-2 (Customer) OAO "Inzhenerny Tsentri EES" (Contractor)	Expertise of materials, with justification of fuel rate standards in terms of supplied energy and heat for OAO "OGK-2" branch, the Surgut GRES-1 (Surgut GRES-1) for the year 2009.	1 123 560, 60 incl. VAT of 171 390,60
16.	AOO "OGK-2" (Customer) State institution of higher professional education "Academy of the National Economy under the Government of the Russian Federation" (Contractor)	Services of training Mr. Dmitry Andreyevich Ilyenko in accordance with the curriculum for the program "Business administration specialist", on-site and off-site (modular) training (six examination periods and interim consultations)	400 500, VAT exempt
17.	AOO "OGK-2" (Customer) ZAO "IT Energy MIKS" (Contractor)	The Contractor shall render consulting services to the Customer in the form of the seminar: "Presentation of new functional capabilities of ARM-Zakupki (Purchases Workbench) in generating the yearly integrated programs of purchases and quarterly reports. Further service and analytical functions of ARM" under the address: Moscow, Bersenevskaya naberezhnaya, d. 16, str. 5, from the moment of entry into agreement until March 26, 2008; for two representatives of the Customer, where the Customer shall accept and pay for the said services.	25 488 incl. VAT of 3 888
18.	AOO OGGK-2 (Customer) ZAO IT Energy MIKS (Contractor)	The Contractor shall render consulting services to the Customer in the form of the seminar: "Information system "Za-Toplivo" under the address Moscow, Bersenevskaya naberezhnaya, d. 16, str. 5, from the moment of entry into agreement until April 18, 2008; for one representative of the Customer, where the Customer shall accept and pay for the said services.	9 912 including VAT of 1 512
19.	AOO "Tyumenenergo" (Lessee) OAO "OGK-2" (Lessor)	lease of one-storey non-residential building (switch tower), floor area of 15 sq. m. under the address: Tyumen region, city of Surgut, village Kedrovyy, GRES-2 industrial area	1 128, 60 incl. VAT of 172,16 (per 1 month)
20.	AOO "OGK-2" (Customer) OAO "Inzhenerny Tsentri Energetiki Urala" (Contractor)	Expertise for expected limitation of installed electric capacity on of OAO OGGK-2 branch, Surgut GRES-1 (Surgut GRES-1) for the year 2009.	25 789, 45 incl. VAT of 3 933, 98
21.	AOO "OGK-2" (Customer) OAO "Inzhenerny Tsentri Energetiki Urala" (Contractor)	Rendering services of access and support of the database of the automated record system of the current regulatory documents for the purposes of metrological services in the power industry.	41 300 including VAT of 6 300
22.	AOO "OGK-2" (Customer) OAO "Inzhenerny Tsentri EES" (Contractor)	Rendering services of expertise concerning calculations for the purposes of fuel rate forecasting and determining degree of reserve utilization of equipment's heat efficiency in terms of supplied energy and heat, OAO "OGK-2" branch, Surgut GRES-1 (Surgut GRES-1) for the second and the third quarter of 2008.	59 108, 80 incl. VAT of 9 016, 60
23.	AOO "OGK-2" (Customer) OAO "Inzhenerny Tsentri EES" (Contractor)	Rendering services of expertise concerning calculations for the purposes of fuel rate forecasting and determining degree of reserve utilization of equipment's heat efficiency in terms of supplied energy and heat, OAO OGGK-2 branch, Stavropol GRES (Stavropol GRES) for the second and the third quarter of 2008.	59 000 incl. VAT of 9 000
24.	AOO OGGK-2 (Customer) OAO "Inzhenerny Tsentri Energetiki Urala" (Contractor)	Rendering services of development and coordination of ratings for the power units of the st. No. 1-11, 13, 16 K-210-130 (branch)" for the purposes of OAO "OGK-2" branch, Surgut GRES-1 (Surgut GRES-1).	1 362,762, 88 incl. VAT of 207 879,08
25.	AOO "OGK-2" (Customer) OAO "TGGK-9" (contractor)	In 2008 the Contractor shall render services of carrying-out of chemical laboratory tests for the Customer in accordance with the terms and conditions of the contract.	1 000 472,17 incl. VAT of 152 614,40
26.	AOO "OGK-2" (Customer) OAO "Predpriyatiye stroitelnykh rabot energetiki" (Contractor)	Services of buildings and installations maintenance for OAO "OGK-2" branch, Surgut GRES-1 (Surgut GRES-1)	4 752 969, 20 including VAT of 725 029,20
27.	AOO OGGK-2 (Customer) OAO "Predpriyatiye stroitelnykh rabot energetiki" (Contractor)	Services of glazing repair for the main building in the OAO "OGK-2" branch, Surgut GRES-1 (Surgut GRES-1)	6 835 251, 48 including VAT of 1 042 665, 48

No.	Related parties	Subject of transaction	Price of transaction, rub. (or order of price determination)
28.	AOO "OGK-2" (Customer) OAO "Predpriyatiye stroitelnykh rabot energetiki" (Contractor)	Services of building renovation and construction for OAO "OGK-2" branch, Surgut GRES-1 (Surgut GRES-1).	56 470 582,09 including VAT of 8 614 156,59
29.	AOO "OGK-2" (Customer) OAO "Nauchno-tehnichesky Institut Elektroenergetiki" (Contractor)	Making an expert opinion on causes of failure in armature bar of the turbo-generator TGV-500.	199 998 000,40 incl. VAT of 30 508,23
30.	AOO "OGK-2" (Customer) OAO "IT Energy Korporativnye Proyekty" (Contractor)	Rendering services of access to information database of normative and technical documentation of electric-power industry ( www.ntd.it-energy.ru).	604 800,20 including VAT of 92 257, 63
31.	AOO "OGK-2" (Customer) OAO IT Energy Outsourcing (Contractor)	Rendering services of access to information and analysis data supplied by the database of the "Energoproizvodstvo" system.	453 120 incl. VAT of 69 120
32.	AOO "OGK-2" (Customer) OAO "Sverdlovenego" (Contractor)	Services of personnel training in accordance with the approved Plan of professional and advanced vocational training at the training facilities of the OAO "Sverdlovenego".	Cost of services is calculated in accordance with one man-day of a trainee at the branch of training facilities of the OAO "Sverdlovenego", which is 1 200 (One thousand and two hundred) rubles, plus VAT (18%) of 216 (Two hundred and sixteen) rubles. according to duration of the course and number of trainees.
33.	AOO "OGK-2" (Customer) OAO "Strakhovoy Broker Energozashchita" (Contractor)	The Contractor shall organize and carry out specific procedures for selection of insurance companies and develop the Program of general liability insurance for the members of the Board of Directors and the executives for the year 2008 for the OAO "OGK-2" and the Customer shall pay for these services.	50 000 including VAT of 7627,12
34.	AOO "OGK-2" (Customer) ZAO "IT Energy MIKS" (Contractor)	The Contractor shall render services of participation of the representative of the Customer in the 7th annual All-Russian Conference of IT managers and directors of energy companies of Russia "IT TEAM ENERGY".	33 630 including VAT of 5 130
35.	AOO "OGK-2" (Customer) OAO "Inzhenerny Tsentri EES" (Contractor)	Supply of services: Participation in certification tests of the automatic load-frequency control (unit No. 10 of Surgut GRES-1)	119 280,23 incl. VAT of 18 195,29
36.	AOO "OGK-2" (Customer) OAO "TGK-9" (Contractor)	Industrial safety evaluation of the boiler drums (stations No. 5,6,7,10,11,12)	654 723,51 incl. VAT of 99 873,08
37.	AOO "OGK-2" (Customer) TGK-9 (Contractor)	Industrial safety evaluation of the boiler drums, stations No. 10, 11, 12 and turbine of station No. 4, steam and hot water pipelines.	1 184 290,66 including VAT of 180 654,51
38.	AOO "OGK-2" (Customer) OAO "TGK-9" (Contractor)	Change in the subject of the contract without change in contract value.	-
39.	AOO "OGK-2" (Customer) OSO "MRSK Severnogo Kavkaza" (Contractor)	Services of certification with active external monitoring of KhTs, TsKhL and LM.	306 473,38 including VAT of 46 750,18
40.	AOO "OGK-2" (Customer) OAO "FSK EES" (Contractor)	The Contractor shall render services of leasing to the Customer the allocated digital communication channels in 2007-2008.	21 476 incl. VAT of 3 276
41.	AOO "OGK-2" (Customer) OAO "Inzhenerny Tsentri Energetiki Urala" (Contractor)	Rendering organizational and methodological services to metrological service of the OAO "OGK-2" branch, the Serov GRES (Serov GRES) in metrological activities.	88 500 including VAT of 13 500

No.	Related parties	Subject of transaction	Price of transaction, rub. (or order of price determination)
42.	OAO "OGK-2" (Customer) OAO "Yuzhny Inzhenerny Tsentri Energetiki" (Contractor)	Identification of start-up conditions for TGMP-314A boiler, station No. 3 of the Stavropol GRES with variable pressure in the whole of the boiler circuit.	719 563,62 including VAT of 109 763,94
43.	OAO "MRSK Yuga" OAO "OGK-2"	Further activities of the parties aimed at restructuring debt of the OAO "Mezhrionalnaya Raspredelitel'naya Setevaya Kompaniya Yuga" in accordance with the contract of February 15, 2005, No. P-362-05, where debt was formed during the period of January 1, 2006 to July 31, 2006, as a result of deliveries of electric energy by "The Second Generation Company Of Electric Energy Wholesale Market" (OAO "OGK-2")	Debt restructuring due for the amount of 11 662 007 (Eleven million six hundred and sixty two thousand and seven) rubles 36 kopeks, incl. VAT: 18% - 1 778 950 rubles 28 kopeks.
44.	OAO "OGK-2" (Customer) OAO "Strakhovoy Broker Energozashchita"	The Contractor shall prepare the necessary tender documentation, organize and hold a tender for insurance companies able to provide insurance coverage of property interests of the OAO "OGK-2" and the Customer shall pay for these services.	20 000 including VAT of 3 050,85
45.	OAO "OGK-2" (Customer) OAO "Inzhenerny Tsentri EES" (Contractor)	Rendering services of expertise concerning calculations for the purposes of fuel rate forecasting and determining degree of reserve utilization of equipment's heat efficiency in terms of supplied energy and heat, the OAO "OGK-2" branch, the Troitsk GRES (Troitsk GRES) for the second and the third quarter of 2008.	59 000 including VAT of 9 000
46.	OAO "OGK-2" (Customer) OAO "Federal'naya Setevaya Kompaniya EES" (Contractor)	The Contractor shall render services of leasing to the Customer allocated digital communication channels in 2007-2008.	21 476 incl. VAT of 3 276
47.	OAO "OGK-2" (Customer) OAO "Yuzhny Inzhenerny Tsentri Energetiki" (Contractor)	Rendering engineering support for implementation and setting-up of steam-water processing utilities in 2008.	531 000 including VAT of 81 000
48.	<i>Transactions of the Company with the ZAO "Gazenergoprombank":</i> - Account agreement for the OAO "OGK-2" branch, the Pskov GRES (Pskov GRES) - Account agreement for the OAO "OGK-2" branch, the Serov GRES (Serov GRES) - Account agreement for the OAO "OGK-2" branch, the Stavropol GRES (Stavropol GRES) - Account agreement for the OAO "OGK-2" branch, the Surgut GRES-1 (Surgut GRES-1) - Account agreement for the OAO "OGK-2" branch, the Troitsk GRES (Troitsk GRES)		Price of services is calculated in rubles using the approved rates for the settlement and cash service and does not exceed 2 (two) % of balance sheet assets of the Company.
	OAO OGK-2 (Client) ZAO "Gazenergoprombank" (Bank)	The Bank opens a settlement account in the Russian rubles for the Client (hereinafter the Account), accepts and places the incoming funds to the Account, executes orders of the Client concerning operations under the Account, and the Client provides the Bank with properly made documents and in due time pays for the services of the Bank according to approved rates for the settlement and cash service.	
49.	<i>Transactions of the Company with the ZAO "Gazenergoprombank":</i> - Agreement on carrying out settlements using the iBank2 electronic payment system for the branch of OAO "OGK-2", the Pskov GRES (Pskov GRES) - Agreement on carrying out settlements using the iBank2 electronic payment system for the branch of OAO "OGK-2", the Serov GRES (Serov GRES) - Agreement on carrying out settlements using the iBank2 electronic payment system for the branch of OAO "OGK-2", the Stavropol GRES (Stavropol GRES) - Agreement on carrying out settlements using the iBank2 electronic payment system for the branch of OAO "OGK-2", the Surgut GRES-1 (Surgut GRES-1) - Agreement on carrying out settlements using the iBank2 electronic payment system for the branch of OAO "OGK-2", the Troitsk GRES (Troitsk GRES)		The Price of services is calculated in rubles using the approved rates of the ZAO "Gazenergoprombank" and does not exceed 2 (two) % of balance sheet assets of the Company.
	OAO "OGK-2" (Client) ZAO "Gazenergoprombank" (Bank)	The Bank renders to the Customer services of the electronic documentation exchange system (iBank2 system) in operations on the settlement accounts of the Customer, namely: - accepting Client's orders for debit operations on the accounts of the Client in the form of electronic documents; - accepting from the Client the documents required for the foreign exchange control; - accepting from the Client other information; - transferring to the Client the statements of account of the Client and the addenda thereto in the form of electronic documents; - transferring other information to the Client. On carrying out banking activities using the iBank2 system the Client is not required to furnish the settlement documents to the Bank at the same time.	

No.	Related parties	Subject of transaction	Price of transaction, rub. (or order of price determination)
50.	AO "OGK-2" (Company) ZAO "Gazenergoprombank" (Bank)	The Bank furnishes to the Client the services of transferring funds for salary payment or other social payments from the Company's settlement account to the accounts of the Company's employees opened for such purposes by the Bank. The Bank also issues international bankcards to the employees of the Company being the owners of the said accounts.	The price of services is in rubles and is calculated in the amount of 0,3% of funds transferred to the special card account of an employee and does not exceed 2 (two) % of balance sheet assets of the Company.
51.	AO "OGK-2" (Client) ZAO "Gazprombank" (Bank)	The Bank opens a settlement account in the Russian rubles for the Client (hereinafter Account), accepts and places the incoming funds to the Account, executes orders of the Client concerning the operations under the Account, and the Client provides the Bank with properly made documents and in due time pays for the services of the Bank according to approved rates for the settlement and cash service.	The price of services is in rubles and is calculated is calculated using the approved rate rates for the settlement and cash service and does not exceed 2 (two) % of balance sheet assets of the Company.
52.	AO OGK-2 (Client) ZAO "Gazprombank" (Bank)	Provision of credits by the Bank to the Client using the GPB-Dealing system, refund of payments by the Client to the bank and current servicing of loans using the terms of credit stipulated by the agreement and ED "Ticket".	Price of services is in rubles and does not exceed 2 (two) % of balance sheet assets of the Company.
53.	AO "OGK-2" (Client) ZAO "Gazprombank" (Bank)	The order of use of the GPD-Dealing system and the order of conclusion, modification of terms and termination of a transaction using the exchange of electronic documents certified by the electronic digital signatures of the authorized representatives of both Parties by means of the GPD-Dealing system.	The Price of services is calculated in rubles using the approved subscription rates for use of "GPG-Dealing" and does not exceed 2 (two) % of balance sheet assets of the Company.
54.	AO "OGK-2" (Customer) OAO "OGK-6" (Contractor)	Organization by the Contractor of air transfer of the Customer's employees by plane (Yak-40) using the route specified by the Customer.	875 000 including VAT of 133 474,58
55.	AO "OGK-2" (Issuer) OAO "TsMD" (Registrar)	Reduction since January 1, 2009 of the monthly subscription fee for the services of maintenance and storage of the share register from 1 250 000 (One million two hundred and fifty thousand) to 950 000 (Nine hundred and fifty thousand) rubles inclusive of VAT.	950 000 including VAT
56.	AO "OGK-2" (Depositor) ZAO "Gazenergoprombank" (Bank)	The Depositor makes a fixed deposit in the amount of 500 000 000 (Five hundred million) rubles ( hereinafter the Deposit) for the term of 91 (Ninety one) days from the moment of the receipt of full amount on the account of the Depositor opened by the Bank with an interest payable to the Depositor on the Deposit in the amount of 10,5% per year.	Cost of services of the Bank is not determined.

**Table 1. Installed electric capacity of power plant for the end of reporting period, MW**

Item No.	Branches	2007	2008	change
<b>1.</b>	Total for OAO "OGK-2" including:	8 695,0	8 695,0	0
<b>1.1.</b>	Stavropol GRES	2 400,0	2 400,0	0
<b>1.2.</b>	Troitsk GRES	2 059,0	2 059,0	0
<b>1.3.</b>	Pskov GRES	430,0	430,0	0
<b>1.4.</b>	Surgut GRES-1	3 280,0	3 280,0	0
<b>1.5.</b>	Serov GRES	526,0	526,0	0

**Table 2. Production of electric energy by the power plants of the OAO "OGK-2" branches for the reporting period, mln kWh.**

Item No.	Branches	2007	2008	change
<b>1.</b>	Total for OAO "OGK-2" including:	<b>48 022,1</b>	<b>49 826,6</b>	<b>1 804,5</b>
<b>1.1.</b>	Stavropol GRES	9 703,9	11 016,7	1 312,8
<b>1.2.</b>	Troitsk GRES	9 026,3	9 023,8	-2,5
<b>1.3.</b>	Pskov GRES	1 735,4	1 894,5	159,1
<b>1.4.</b>	Surgut GRES-1	24 469,3	24 543,3	74,0
<b>1.5.</b>	Serov GRES	3 087,2	3 348,3	261,1

**Table 3. Heat supply from thermal power plants and boiler plants of the OAO "OGK-2" branches for the reporting period, ths Gcal**

Item No.	Branches	2007	2008	change
<b>1.</b>	Total for OAO "OGK-2" including:	<b>2 458,5</b>	<b>2 455,7</b>	<b>+2,8</b>
<b>1.1.</b>	Stavropol GRES	82,4	81,3	+1,1
<b>1.2.</b>	Troitsk GRES	521,1	492,1	+29,0
<b>1.3.</b>	Pskov GRES	80,0	75,6	+4,4
<b>1.4.</b>	Surgut GRES-1	1 659,4	1 694,5	-35,1
<b>1.5.</b>	Serov GRES	115,6	112,2	+3,4

**Table 4. Reference fuel rate in terms of electric energy supplied by the thermal power plants of the OAO "OGK-2" branches for the reporting period, kWh/y**

Item No.	Branches	2007 act	2008 norm	2008 act	departure from the norm (-economy, +overspending)	departure from the previous year values (-economy, +overspending)
	Total for the OAO "OGK-2" including	344,5	348,4	347,5	-0,9	+3,0
<b>1</b>	Pskov GRES	332,4	331,4	331,0	-0,4	-1,4
<b>2</b>	Serov GRES	463,6	463,5	463,4	-0,1	-0,2
<b>3</b>	Stavropol GRES	330,9	331,0	330,7	-0,3	-0,2
<b>4</b>	Surgut GRES-1	324,4	326,9	325,2	-1,7	+0,8
<b>5</b>	Troitsk GRES	377,4	392,1	392,0	-0,1	+14,6

**Table 5. Reference fuel rate in terms of electric energy supplied by the thermal power plants and boilers of the OAO "OGK-2" branches for the reporting period, kg/gCal**

Item No.	Branches	2007 act	2008 norm	2008 act.	departure from the norm (-economy, +overspending)	departure from the previous year (-economy, +overconsumption)
	Total for OAO "OGK-2" including	151,4	152,6	152,7	+0,1	+1,3
<b>1</b>	Pskov GRES	169,9	172,3	171,8	-0,5	+1,9
<b>2</b>	Serov GRES	177,9	184,3	183,9	-0,4	-0,3
<b>3</b>	Stavropol GRES	171,5	171,3	171,2	-0,1	-0,3
<b>4</b>	Surgut GRES-1	142,7	142,5	142,8	+0,3	+0,1
<b>5</b>	Troitsk GRES	167,5	174,2	173,9	-0,3	+6,1

**Table 6. The plant capacity factor in the OAO "OGK-2" branches for the reporting period, %**

Item No.		2007	2008
	Total for the OAO "OGK-2" including	62,88	65,24
1	Pskov GRES	45,95	50,16
2	Serov GRES	66,82	72,47
3	Stavropol GRES	46,03	52,26
4	Surgut GRES-1	84,93	85,19
5	Troitsk GRES	49,91	49,89

**Table 7. Information on subsidiary and dependent companies**

Name of organization	Key activities	Deposited amount, rub.	Share in the authorized capital, %
OAO "Chayka"	sanatory and prophylactic services	6 650 061,00	100%
OOO "OGK-2 Finans" (DZO OAO "Chayka")	rendering consulting services regarding commercial activities and management	0	0%

**Information on configuration and specifications of primary equipment at the plants (p. 18)**

GRES	Fuel	Boilers					Turbines		
		St. No.	Type of boiler	Steam-generating capacity, tph	Pressure, MPa	t, C <sup>0</sup>	St. No.	Type of turbine	Installed capacity, MW
1	2	3	4	5	6	7	8	9	10
<b>Pskov GRES</b>									<b>430</b>
	gas	KP 01a	TPE-208	335,0	14,0	545	TG 01	K-215-130	215
	gas	KP 02a	TPE-208	335,0	14,0	545	TG 02	K-215-130	215
	gas	KP 01b	TPE-208	335,0	14,0	545			
	gas	KP 02b	TPE-208	335,0	14,0	545			
<b>Serov</b>									<b>526</b>
	coal/gas	KP 01	PK-14	230,0	10,0	510	TP 01	K-50-90	50
	coal/gas	KP 02	PK-14	230,0	10,0	510	TP 02	K-50-90	50
	coal/gas	KP 03	PK-14	230,0	10,0	510	TP 04	K-50-90	50
	coal/gas	KP 04	PK-14	230,0	10,0	510	TP 05	K-100-90M	88
	coal/gas	KP 05	PK-14	230,0	10,0	510	TP 06	T-88/100-90/2,5	88
	coal/gas	KP 06	PK-14-R	230,0	10,0	510	TP 07	K-100-90	100
	coal/gas	KP 07	PK-14-R	230,0	10,0	510	TP 08	K-100-90	100
	coal/gas	KP 08	PK-14-R	230,0	10,0	510			
	coal/gas	KP 09	PK-14-R	230,0	10,0	510			
	coal/gas	KP 10	PK-14-R	230,0	10,0	510			
	coal/gas	KP 11	PK-14-R	230,0	10,0	510			
	coal/gas	KP 12	PK-14-2	230,0	10,0	510			
<b>Stavropol</b>									<b>2400</b>
	gas/fuel oil	KPB 01	TGMP-314A	1000	25,5	545	TPB 01	K-300-240-2	300
	gas/fuel oil	KPB 02	TGMP-314A	1000	25,5	545	TPB 02	K-300-240-2	300
	gas/fuel oil	KPB 03	TGMP-314A	1000	25,5	545	TPB 03	K-300-240-2	300
	gas/fuel oil	KPB 04	TGMP-314A	1000	25,5	545	TPB 04	K-300-240-2	300

GRES	Fuel	Boilers					Turbines		
		St. No.	Type of boiler	Steam-generating capacity, tph	Pressure, MPa	t, C <sup>0</sup>	St. No.	Type of turbine	Installed capacity, MW
	gas/fuel oil	KPB 05	TGMP-314A	1000	25,5	545	TPB 05	K-300-240-2	300
	gas/fuel oil	KPB 06	TGMP-314A	1000	25,5	545	TPB 06	K-300-240-2	300
	gas/fuel oil	KPB 07	TGMP-314A	1000	25,5	545	TPB 07	K-300-240-2	300
	gas/fuel oil	KPB 08	TGMP-314A	1000	25,5	545	TPB 08	K-300-240-2	300
<b>Surgut</b>									<b>3280</b>
	gas	KP 1	TGM 104	640	14,0	570	TP 1	K-200-130-3	210
	gas	KP 2	TGM 104	640	14,0	570	TP 2	K-200-130-3	210
	gas	KP 3	TG 104	670	14,0	540	TP 3	K-200-130-3	210
	gas	KP 4	TG 104	670	14,0	540	TP 4	K-200-130-3	210
	gas	KP 5	TG 104	670	14,0	540	TP 5	K-200-130-3	210
	gas	KP 6	TG 104	670	14,0	540	TP 6	K-200-130-3	210
	gas	KP 7	TG 104	670	14,0	540	TP 7	K-200-130-3	210
	gas	KP 8	TG 104	670	14,0	540	TP 8	K-200-130-3	210
	gas	KP 9	TG 104	670	14,0	540	TP 9	K-200-130-3	210
	gas	KP 10	TG 104	670	14,0	540	TP 10	K-200-130-3	210
	gas	KP 11	TG 104	670	14,0	540	TP 11	K-200-130-3	210
	gas	KP 12	TG 104	670	14,0	540	TP 12	T-178(210)-130-3	178
	gas	KP 13	TG 104	670	14,0	540	TP 13	K-200-130-3	210
	gas	KP 14	TG 104	670	14,0	540	TP 14	T-180/210-130-3-1	180
	gas	KP 15	TG 104	670	14,0	540	TP 15	T-180/210-130-3-1	180
	gas	KP 16	TG 104	670	14,0	540	TP 16	K-200-130-3	210
	gas	KP 1	BK3-75-39 GM	75	3,9	440	TP 2	PT-12-35/10M	12
	gas	KP 2	BK3-75-39 GM	75	3,9	440			
<b>Troitsk</b>									<b>2059</b>
	coal/fuel oil	KP 01A	PK-14-2	220	10,0	540	TP 01	T-85-90-2,5	85
	coal/fuel oil	KP 01B	PK-14-2	190	10,0	540	TP 02	T-85-90-2,5	85
	coal/fuel oil	KP 02A	PK-14-2	220	10,0	540	TP 03	T-85-90-2,5	85
	coal/fuel oil	KP 02B	PK-14-2	220	10,0	540	TP 04	K-300-240-2PR-1	278
	coal/fuel oil	KP 03A	PK-14-2	220	10,0	540	TP 05	K-300-240	278
	coal/fuel oil	KP 03B	PK-14-2	190	10,0	540	TP 07	K-300-240	278

GRES	Fuel	Boilers					Turbines		
		St. No.	Type of boiler	Steam-generating capacity, tph	Pressure, MPa	t, C <sup>0</sup>	St. No.	Type of turbine	Installed capacity, MW
	oil								
	coal/fuel oil	KPB 04A	PK-39	475	25,5	545	TP 08	K-500-240	485
	coal/fuel oil	KPB 04B	PK-39	475	25,5	545	TP 09	K-500-240	485
	coal/fuel oil	KPB 05A	PK-39	475	25,5	545			
	coal/fuel oil	KPB 05B	PK-39	475	25,5	545			
	coal/fuel oil	KPB 07A	PK-39	475	25,5	545			
	coal/fuel oil	KPB 07B	PK-39	475	25,5	545			
	coal/fuel oil	KPB 08	P-57	1650	25,5	545			
	coal/fuel oil	KPB 09	P-57	1650	25,5	545			

*Dynamics of expenditures for repair of basic production assets in prices adjusted to values of 2008.*

GRES	Units of measurement	2008 in prices of 2008		
		2006 in prices of 2008	2007 in prices of 2008	2008 in current prices
Pskov	ths rub exclusive of VAT	129 116	134 887	125 337
Stavropol	ths rub exclusive of VAT	654 101	657 727	617 055
Surgut	ths rub exclusive of VAT	1 458 500	1 332 327	1 305 723
Serov	ths rub exclusive of VAT	226 158	222 593	211 420
Troitsk	ths rub exclusive of VAT	994 563	915 054	1 105 840
<b>Total for OGK-2</b>	ths rub exclusive of VAT	<b>3 462 439</b>	<b>3 262 588</b>	<b>3 365 375</b>