

JSC “OGK-2”

GENERATOR OF THE FUTURE

Annual report 2013



Annual report
of JSC “OGK-2”
for 2013

Annual Report of JSC “OGK-2” for 2013

Provisionally approved
by the Board of Directors of JSC “OGK-2”
on April 29, 2014 (Minutes No. 100)

General Director

D.N. Bashuk

Chief Accountant

L.V. Klisch

INTRODUCTION

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Address of the Chairman of the Board of Directors of JSC “OGK-2”



Dear Shareholders,

2013 marked as a period of stronger strategic leadership for the Gazprom Energo-holding companies in the Russian power sector. Like in the previous years, the companies reliably provided consumers with electricity and heat and continued to implement investment projects; they also implemented a number of important measures to reduce costs and improve their financial position.

In recent years, JSC “OGK-2”, which is the Group’s asset with the widest geographical footprint and the largest asset in terms of its installed electricity generating capacity, has achieved strong growth.

2013 was indeed a significant year in the history of JSC “OGK-2”: the Company became the operating entity of a “new power heart of Sochi”, Adlerskaya TPP. The power plant successfully accomplished its task of providing a reliable power supply to the main facilities of the XII Olympic Winter Games and the XI Paralympic Winter Games in Sochi. This well-earned success was due to the high professionalism of the team of “OGK-2”, thorough preparation of equipment, competent organization of production processes, and cooperation with regulatory bodies.

JSC “OGK-2” is constantly improving and developing. The Company is implementing a program to reduce costs, which is aimed at optimizing load conditions and fuel balance, reducing the operating time of unprofitable production capacities, and optimizing the organizational structure. Special attention is paid to improving environmental performance.

The results for the 2013 reporting year showed that the profit of JSC “OGK-2” reached an all-time high of almost 4.5 billion rubles. The Company is implementing a large-scale investment program, ensuring the reliability of production, and introducing modern management systems.

The launch of new power units under Capacity Supply Agreements remains the Company’s key objective for the next few years. In 2013 we issued additional shares to finance the investment program. Thus, with support from Gazprom, the Company ensured progressive implementation of construction plans at Cherepovetskaya GRES, Serovskaya GRES, Troitskaya GRES, and Novocherkasskaya GRES.

Last year the Board of Directors helped to obtain approval for transferring the project under Capacity Supply Agreements (CSA) from Stavropolskaya GRES, where its viability was not confirmed, to Serovskaya GRES, where the second combined cycle power unit is expected to be launched in 2017.

This will make it possible to decommission obsolete and inefficient coal-fired power units, which will improve technical characteristics of Serovskaya GRES and of the Company as a whole and make a favorable impact on the environment in the region.

Dear Colleagues, I am sure that further cooperation of shareholders, the Board of Directors and the management of JSC “OGK-2” will contribute to dynamic development of the Company and improvement of its performance.

Chairman
of the Board of Directors of JSC “OGK-2”
Denis Fedorov

Address of the Director General of JSC “OGK-2”



Dear Shareholders,

2013 designated a certain development stage for JSC “OGK-2”. We understand that in order to move forward we need to have further changes, taking into account external factors, the requirements of time, and the internal limits already achieved. For this purpose, an efficiency program has been implemented in order to improve the quality of production, fuel supply and distribution activities. A lot of work with staff has been initiated at all levels, and new key performance indicators have been formulated for the management. The process of internal reformatting of the Company has started.

During the reporting period, we accomplished our goals, such as ensuring a reliable and uninterrupted supply of energy and power and the construction of new reactors in the framework of the Capacity Supply Agreements project. In doing so, we are already relying on the new approaches to our work.

I will list the main topics covered in detail in this annual report.

Net profit of JSC “OGK-2” was nearly 4.5 billion (12 % growth), and EBITDA exceeded 10.8 billion rubles (7.6 %). These figures are the highest in the history of the Company.

Due to a general reduction in electricity consumption in the country and the execution of the tasks of the System Operator, the Company’s production has also slightly decreased and amounted to 70 billion kWh, which is 6 % less than in 2012. However, this decrease can also be explained by our own deliberate actions. Thus, the reduction of the share of inefficient generation of power and the decline of production only improved the performance. Also, the opportunity to diversify

the fuel mix for a number of stations was actively used in favor of cheaper types of fuel. The measures that we took have had a significant effect on the overall performance.

In addition, in 2013 the Company launched the first phase of a program aimed at improving operational efficiency in terms of better rates of fuel utilization. Thus, the technical and organizational measures adopted have led to a reduction in the specific fuel consumption from 1 to 2.5 g/kWh at the Surgutskaya GRES-1, Troitskaya GRES, Novocherkasskaya GRES, and Pskovskaya GRES. This has happened despite the fact that the production rates of these branches have slightly decreased and the equipment, therefore, has been operated under by no means the most efficient conditions. This indicates the good potential of our own reserves to increase production efficiency.

The Kirishskaya GRES has made a significant contribution to the improvement of the Company’s results. It showed the largest increase in production, i.e. 24 %, compared to the previous year. And the major part of production fell at the highly efficient CCGT-800 energy unit built under the CSA program. The appropriateness of the decision to implement this project, its innovative character and the great importance of this experience for the industry have been acknowledged through the award of the Russian Federation Government Award in the field of science and technology.

To improve the reliability of equipment operation and reduce the time spent on maintaining and improving its quality, we have changed our approach to managing maintenance activities. Our goal in this area is a transition to long-term contracts with contractors. Thus, in 2013 a long-term contract for maintenance of the CCGT-800 power unit at the Kirishskaya GRES was signed. Since the unit is innovative and is composed of the most modern equipment, its maintenance and upkeep required flexible approaches. The resulting experience will help us to create a basis for signing similar contracts to ensure the reliable operation of new reactors at Cherepovetskaya GRES and Serovskaya GRES.

An effective way to reduce costs is to have active negotiations with fuel suppliers and actively use competitive procurement procedures. In 2013, the increase in the cost of fuel for all branches would not exceed 1 %.

Active use of competitive procurement methods in other areas of procurement has allowed the Company to save more than 1,3 billion rubles, part of which was allocated for further implementation of the necessary measures, including those aimed at improving the operational efficiency of the Company.

In 2013, the first stage of the project on the implementation of the Management Information System for the power generating companies was successfully completed within the framework of the general Informatization Strategy of JSC Gazprom. This has allowed for new levels of economic planning processes, budgeting, contract work and repair services. This has made these processes transparent, increased the efficiency of decision-making processes, and become a basis for the further introduction of modern methods of organization and management of a company.

One of the main tasks for 2014 is the completion of construction and commissioning work at the CSA facilities of the Cherepovetskaya GRES, Serovskaya GRES and Troitskaya GRES. The commissioning of these units will improve the technical and economic characteristics of the Company.

In conclusion, I would say that our Company has indisputable key strengths, such as a broad geographical presence, diversified fuel mix, experience in the construction and commissioning of new facilities, new units based on an efficient combined-cycle technology, and a number of other benefits. We develop these strengths through important internal aspects, such as willingness to change, understanding the goals and knowledge of action points to achieve them, as well as readiness to adopt new technologies in all spheres of activity. Combination of these factors allows us to tell confidently about the emergence of a new company - active, modern, and ready to innovate and to achieve the ambitious goals that its shareholders set for it.

Director General
of JSC “OGK-2”
D.N. Bashuk

1. Information on the Company and its Position in the Industry

The Company's Mission

The business of JSC "OGK-2" consists of the generation of energy, which enhances the life of today's and future generations. We implement innovative solutions to ensure efficient use of resources and energy supplies to the Russian regions.

17,995

The total installed electric
capacity of the JSC "OGK-2"
plants
MW

4,473

The total installed heat
capacity of the JSC "OGK-2"
plants
Gcal/h

1.1. A Brief Review of the Company's History. The Company's Priorities

2005 INCORPORATION OF THE COMPANY

Open Joint-Stock Company The Second Wholesale Power Market Generating Company (JSC "OGK-2") was founded as a subsidiary of JSC RAO "UES of Russia".

2006 MERGER WITH JSC PLANTS

Since September 29, 2006, JSC Serovskaya GRES, JSC Stavropolskaya GRES, JSC Pskovskaya GRES, JSC Troitskaya GRES and JSC Surgutskaya GRES-1 have ceased to exist as individual legal entities and become branches of JSC "OGK-2".

2007 PLACEMENT OF ADDITIONAL SHARE ISSUE (IPO)

Seeking to attract investment, the Company placed an additional share issue by way of an offering to an unlimited investor base, including foreign investors.

2008 COMPLETION OF REORGANIZATION OF JSC RAO "UES OF RUSSIA"

On July 1, 2008, JSC "OGK-2" completed its second reorganization in the form of a merger with JSC "OGK-2 Holding", which spun off from JSC RAO "UES of Russia". As a result, the JSC "OGK-2" shares held by JSC RAO "UES of Russia" were distributed among the shareholders of JSC RAO "UES of Russia".

2010 BRANCH ESTABLISHMENT

On September 3, 2010, the sixth branch of JSC "OGK-2" (Adlerskaya TPP) was registered.

2011 MERGER WITH JSC "OGK-6"

On November 1, 2011, reorganization of the Company in the form of a merger with Open Joint-Stock Company the Sixth Wholesale Power Market Generating Company (JSC "OGK-6") was finalized, whereby five power plants (Kirishskaya GRES, Krasnoyarskaya GRES-2, Novocherkasskaya GRES, Ryazanskaya GRES and Cherepovetskaya GRES) became branches of JSC "OGK-2".

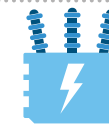


The core business activities of JSC "OGK-2" are power and heat generation and supply to consumers. Within this framework, JSC OGK-2 ensures that its energy equipment operates in compliance with the effective regulatory requirements and carries out timely and quality repairs, retrofitting and overhauls of the energy facilities.

The Company's Mission



The business of JSC "OGK-2" consists of the generation of energy, which enhances the life of today's and future generations. We implement innovative solutions to ensure efficient use of resources and energy supplies to the Russian regions.



1. We see our company as a major heating and electricity business exerting significant economic influence on society.

17,995 MW

The total installed electric capacity of the JSC "OGK-2" plants



2. We act as a reliable partner in the energy markets and strive to establish long-term, mutually beneficial cooperation.



3. We use R&D results to implement new technologies for the generation of energy for households, businesses and the country.

4,473 Gcal/h

The total installed heat capacity of the JSC "OGK-2" plants



4. We provide for the professional and creative development of our people integrating our efforts with talent to ensure the company's leadership in the marketplace.



5. We look after our shareholders' interests by increasing the Company's profitability and capitalization.



6. We are committed to environmental excellence and endeavor to minimize adverse effects on the environment.

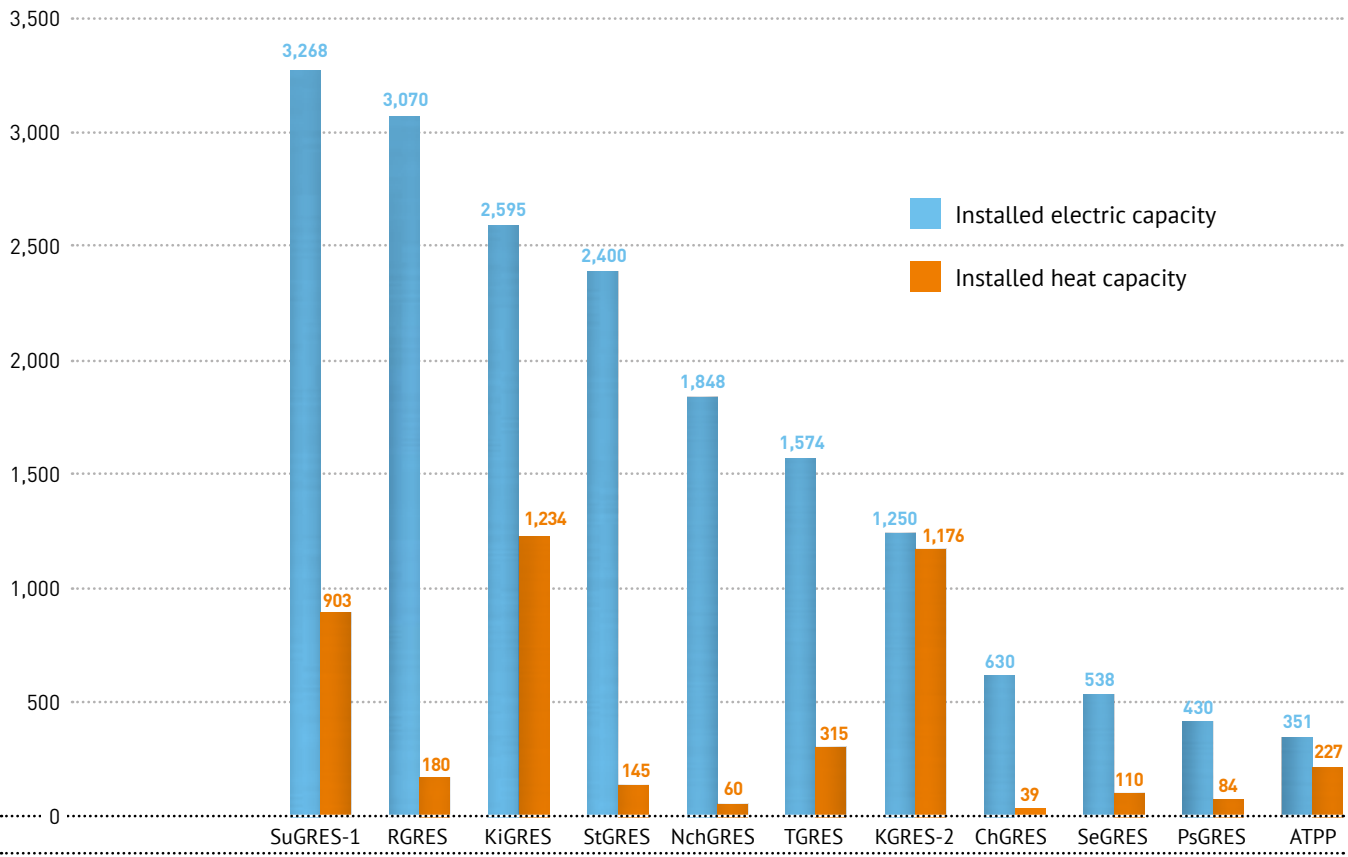


7. We strive to ensure long-term business growth and build up JSC "OGK-2" into a leading energy company.

1.2. Information on Plants

Plant	Installed electric capacity, MW	Installed heat capacity (including water boilers), Gcal/h	Location	Main /reserve fuel/ starting fuel
Surgutskaya GRES-1	3,268	903	Ural UPS	Gas /N/A /gas
Ryazanskaya GRES	3,070	180	Central UPS	Gas, coal /fuel oil /gas, fuel oil
Kirishskaya GRES	2,595	1,234	North-Western UPS	Gas /fuel oil /gas, fuel oil
Stavropolskaya GRES	2,400	145	Southern UPS	Gas /fuel oil /gas, fuel oil
Novocherkasskaya GRES	1,884	60	Southern UPS	Coal /gas /gas, fuel oil
Troitskaya GRES	1,574	315	Ural UPS	Coal /N/A /fuel oil
Krasnoyarskaya GRES-2	1,250	1,176	Siberian UPS	Coal /N/A /fuel oil
Cherepovetskaya GRES	630	39	Central UPS	Coal /gas /gas, fuel oil
Serovskaya GRES	538	110	Ural UPS	Coal /gas /gas, fuel oil
Pskovskaya GRES	435	84	North-Western UPS	Gas /N/A /gas
Adlerskaya TPP	351	227	Southern UPS	Gas /N/A /gas
Total	17,995	4,473		

Installed electric and heat capacity of JSC “OGK-2” plants



Surgutskaya GRES-1



Surgutskaya GRES-1 is located in Surgut, Tyumen Region and is a part of the Ural UPS.

Surgutskaya GRES-1 is one of the largest power plants in the Russian Federation in terms of installed electric capacity.

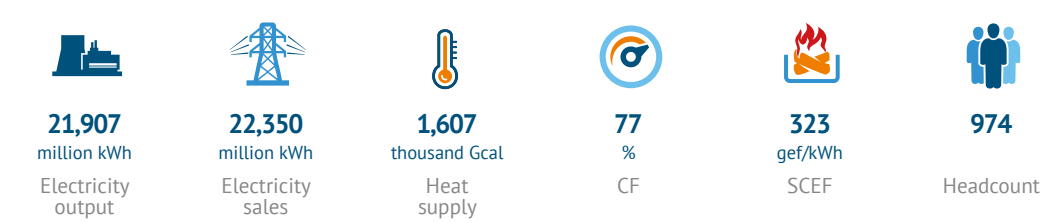
The primary fuel for the power plant is natural gas. There is no reserve fuel; the starting fuel is gas.

The main competitors of Surgutskaya GRES-1 include Nizhnevartovskaya GRES (JSC “INTER RAO – Electric Power Plants”) and Surgutskaya GRES-2 (JSC E.ON Russia). Compared to its rivals, Surgutskaya GRES-2 has the least flexibility, but the installed capacity of each of our competitors’ power units is four times higher than the installed capacity of each power unit at Surgutskaya GRES-1.

3,268 MW
Installed electric capacity

903 Gcal/h
Installed heat capacity

Key figures for 2013



Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	100.0	6,005 million m³
Coal	–	–
Diesel fuel	0	0.4 thousand tons

Ryazanskaya GRES



3,070 MW
Installed electric capacity

180 Gcal/h
Installed heat capacity

Ryazanskaya GRES is located in the town of Novomichurinsk, Ryazan Region, and is part of the Central UPS.

Ryazanskaya GRES is in top five of the largest power plants in Russia in terms of installed capacity (3,070 MW).

The first order (1,050 MW) primary fuel is approximately 70 % brown coal from the Kansk-Achinsky coal basin and around 30 % brown coal from the Podmoskovny coal basin (2BR grade). No reserve fuel is stipulated by the design; the starting fuel is gas and fuel oil.

The second order (1,600 MW) primary fuel is natural gas. The plant uses fuel oil as its reserve fuel and gas and fuel oil as its starting fuel.

For Unit No. 7 (GRES-24 – 420 MW), the primary fuel is gas; no reserve fuel is stipulated.

Among the main competitors of Ryazanskaya GRES are the plants owned by JSC Mosenergo and JSC Quadra Generating Company, Kashirskaya GRES (JSC "INTER RAO – Electric Power Plants"), Kostromskaya and Cherepetskaya GRES (JSC "INTER RAO – Electric Power Plants"), GRES-5 Shaturskaya and Smolenskaya GRES (JSC E.ON Russia) and Konakovskaya GRES (JSC Enel OGK-5). Besides, the 500 kV grid is also fed from Novovoronezhskaya, Kalininskaya and Smolenskaya NPPs (JSC Concern Rosenergoatom) and Volzhskaya HPP (JSC Rus-Hydro), as well as by the electricity flow from the Mid-Volga and Ural UPSs.

The plant has no seasonal nature of power limitation.

Key figures for 2013



7,640
million kWh
Electricity output



8,241.5
million kWh
Electricity sales



221
thousand Gcal
Heat supply



28
%
CF



352
gef/kWh
SCEF



1,192
Headcount

Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	70.3	1,577 million m ³
Coal	29.7	1,485 thousand tons
Fuel oil	0.0	0 thousand tons

Kirishskaya GRES



Kirishskaya GRES is located in Kirishi, Leningrad Region.

The plant uses natural gas as its primary fuel, fuel oil as its reserve fuel, and gas and fuel oil as its starting fuel.

The plant is a part of the North-Western UPS whose generation capacity is also comprised by Leningradskaya NPP (JSC Concern Rosenergoatom), Pskovskaya GRES (JSC "OGK-2"), HPP and CHPP of JSC TGK-1 and North-Western CHPP (JSC "INTER RAO UES").

2,595 MW
Installed electric capacity

1,234 Gcal/h
Installed heat capacity

Kirishskaya GRES power limitations in 2013, MW

	Jan	Feb	Ma	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Power limitations, total:	44	59.9	61.6	64.3	70.06	79.1	102.1	109.3	76.8	55.5	40	40
CPP	0	–	0	0	0	0	0	0	0	0	0	0
CHPP	44	45.9	47.5	50.2	56	55.8	56	57.2	55.5	55.5	40	40
CCGT, including	–	14.06	14.06	14.06	14.06	23.3	46.0	52.1	21.3	0	0	0
seasonal	–	14.06	14.06	14.06	14.06	23.3	46.0	52.1	21.3	–	–	–
lack of load for type R turbines	44	45.9	47.5	50.2	56	55.8	56	57.2	55.5	55.5	40	40

Key figures for 2013



7,429
million kWh
Electricity output



9,418.6
million kWh
Electricity sales



3,078
thousand Gcal
Heat supply



33
%
CF



270
gef/kWh
SCEF



818
Headcount

Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	100.0	2,057 million m ³
Coal	–	–
Fuel oil	0	0 thousand tons

Stavropolskaya GRES



2,400 MW
Installed electric capacity

145 Gcal/h
Installed heat capacity

Stavropolskaya GRES is located in the town of Solnechnodolsk in the Stavropol Territory. It is a highly flexible plant which plays a key role in ensuring the reliability of the Southern UPS.

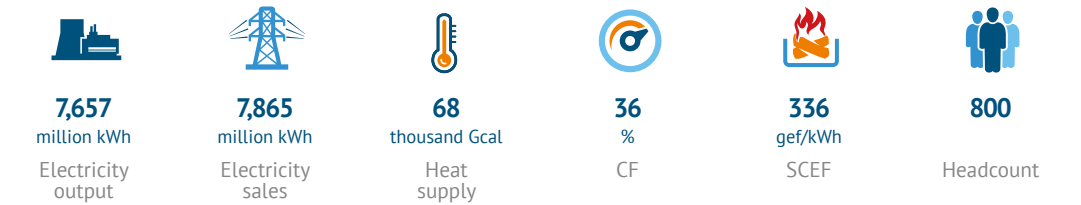
The advantages of Stavropolskaya GRES include optimal technical and economic performance, a wide power control range, and the high-speed setting and resetting load, which ensures that the power plant has the maximum capacity needed to adhere to the consumption schedule. The company had three

certified units for the system services market, which enables the plant to trade in system services.

The power plant's load ensures makes technical feasibility for the purposes to export electricity to Georgia and Azerbaijan (via Georgia) as well as for maintaining acceptable levels of electricity flow in the backbone power grid of the Southern UPS.

The main competitor of Stavropolskaya GRES is Nevinnomysskaya GRES (JSC Enel OGK-5).

Key figures for 2013



Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	99.6	2,143 million m³
Coal	–	–
Fuel oil	0.4	7 thousand tons

Novocherkasskaya GRES



Novocherkasskaya GRES is located in the Donskoy settlement, Rostov Region.

The plant's primary fuel is ASH-grade coal from the Rostov coal basin (Almaznaya, Chikh and Sadkinskaya mines, Gukovugol, and Sherlovskaya-Naklonnaya mine), Kuznetsk coal (Kaltansky and Krasnobrodsky strip mines) and natural gas. The reserve fuel is gas; the starting fuel is gas and fuel oil.

Novocherkasskaya GRES is a part of the Southern UPS, and its main competitors are Nevinnomysskaya GRES (JSC Enel OGK-5) and Rostov NPP (JSC Concern Rosenergoatom). Peak regulation is handled by Tsimlyanskaya HPP (JSC Southern Generating Company – TGK-8).

The plant has no seasonal nature of power limitation.

1,884 MW
Installed electric capacity

60 Gcal/h
Installed heat capacity

Key figures for 2013



Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	33.3	947 million m³
Coal	66.7	3,321 thousand tons
Fuel oil	0.0	0.085 thousand tons

Troitskaya GRES



1,574 MW

Installed
electric
capacity

315 Gcal/h

Installed heat
capacity

Troitskaya GRES is located in Troitsk-5 of the Chelyabinsk Region, the Yekaterinburg – Chelyabinsk – Magnitogorsk power transfer zone, as well as on the route of direct supplies to North Kazakhstan (Ural UPS).

Due to a low fuel component, the plant is in high demand on the wholesale electricity market, and such demand will continue in the future, considering the high growth rates of gas and coal prices.

The primary fuel for the power plant is KSN-0300 grade Ekibastuzky coal from Ekibastuzky and Bogatyr strip mines. There is no reserve fuel; the starting fuel is fuel oil.

The plant's main competitor is Yuzhno-Uralskaya GRES (JSC "INTER RAO – Electric Power Plants"). Troitskaya GRES also competes with high-capacity heat power stations located in the European part of Russia and the Urals region.

The plant has seasonal nature of power limitation.

Troitskaya GRES power limitations in 2013, MW

	Jan	Feb	Ma	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Power limitations, total:	229.8	229.8	229.8	229.8	229.8	234.4	233.8	233.8	246.8	249.8	229.8	242.8
Supply Point Cluster-1	40.8	40.8	40.8	40.8	40.8	40.8	40.8	40.8	40.8	40.8	40.8	40.8
Supply Point Cluster-2	135.0	135.0	135.0	135.0	135.0	136.0	135.0	135.0	135.0	135.0	135.0	135.0
Supply Point Cluster-3	54.0	54.0	54.0	54.0	54.0	57.6	58.0	58.0	71.0	74.0	54.0	67.0

Troitskaya GRES has an annual average power limitation of 234.4 MW.

Key figures for 2013



3,961
million kWh
Electricity
output



4,327.5
million kWh
Electricity
sales



432
thousand Gcal
Heat
supply



29
%
CF



459
gef/kWh
SCEF



1,267
Headcount

Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	–	–
Coal	97.3	2,912 thousand tons
Fuel oil	2.7	33 thousand tons

Krasnoyarskaya GRES-2



Krasnoyarskaya GRES-2 is located in Zelenogorsk, Krasnoyarsk Region (Siberian UPS).

The plant's primary fuel is 2BR-grade brown coal from the Irsha-Borodinsky coal strip mine of the Kansk-Achinsky coal basin. There is no reserve fuel; the starting fuel is fuel oil.

The plant's competitive environment includes the HPPs from the Angaro-Eniseisky cascade

(regulation and base capacity), efficient thermal generation by Nazarovskaya GRES (500 MW unit) (JSC Eniseiskaya TSK – TSK-13), Berezovskaya GRES (JSC E.ON Russia) and the plants of JSC Kuzbassenergo. The plant's load in many ways depends on seasonal factors such as the level of water in the reservoirs and the air temperature.

The plant has seasonal nature of power limitation.

1,250 MW

Installed
electric
capacity

1,176 Gcal/h

Installed heat
capacity

Krasnoyarskaya GRES power limitations in 2013, MW

	Jan	Feb	Ma	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
150 -160 MW group	4.0	4.0	17.4	17.4	0.6	0.5	0.4	0.4	0.4	4.1	4.0	4.0
135 MW group	0	0	0	15.0	15.0	30.3	30.3	30.3	15.0	15.0	0	0
Plant	4.0	4.0	17.4	32.4	15.6	30.5	30.4	30.4	15.4	19.1	4.0	4.0

Key figures for 2013



4,650
million kWh
Electricity
output



4,968.6
million kWh
Electricity
sales



990
thousand Gcal
Heat
supply



42
%
CF



400
gef/kWh
SCEF



893
Headcount

Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	–	–
Coal	99.8	3,332 thousand tons
Fuel oil	0.2	3 thousand tons

Cherepovetskaya GRES



630 MW
Installed electric capacity

39 Gcal/h
Installed heat capacity

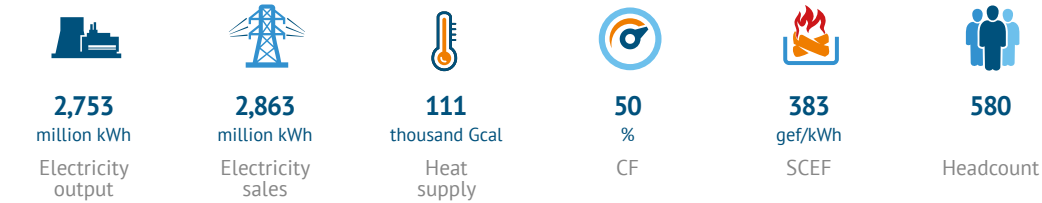
Cherepovetskaya GRES is located in the Kadui settlement of the Vologda Region (Central UPS).

The primary fuel for the power plant is DSSH- and DMSSH-grade coal from Khakassia (Stepnoy coal strip mine, Chernogorskaya Coal Company, Khakassrazrezugol, Vostochno-Beisky), Inta (Intaugol) and Kuznetsk (Yevtinsky and Zadubovsky coal strip mines) and natural gas. The reserve fuel is gas; the starting fuel is gas and fuel oil.

Competing with Cherepovetskaya GRES are plants connected to the region via 500 kV power lines, i.e. Kostromskaya GRES (JSC "INTER RAO – Electric Power Plants") and Konakovskaya GRES (JSC Enel "OGK-5") (flexible generation), as well as Kalinin-skaya NPP (JSC Concern Rosenergoatom) (750 kV power line, base schedule). Cherepovetskaya GRES has a competitive advantage because it is able to use both coal and gas for power generation.

The plant has no seasonal nature of power limitation.

Key figures for 2013



Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	49.2	427 million m³
Coal	50.7	913 thousand tons
Fuel oil	0.1	1 thousand tons

Serovskaya GRES



Serovskaya GRES is located in Serov of the Sverdlovsk Region and belongs to the Serovo-Bogoslovsky unit where steel, aluminum and ferroalloy production facilities are located.

Serovskaya GRES is the only major power plant, which allows it to receive the title "System Generator" from the System Operator.

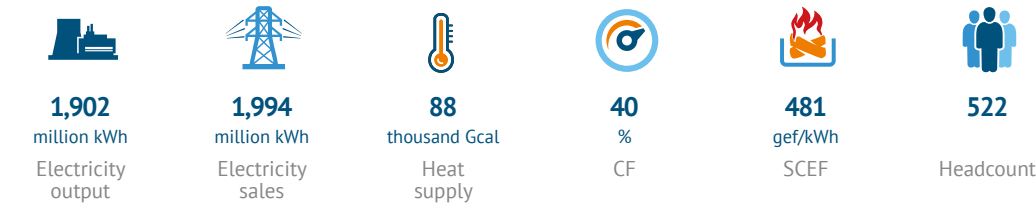
The plant can use gas, coal, or a mixture of the two as its fuel. The plant is scheduled to reduce the share of gas in its fuel mix, which will enable the plant to increase its productivity on the wholesale electricity market.

The plant's competitive environment includes Bogoslovskaya CHPP (JSC TGK-9).

538 MW
Installed electric capacity

110 Gcal/h
Installed heat capacity

Key figures for 2013



Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	23.3	172 million m³
Coal	76.7	1,146 thousand tons
Fuel oil	–	–

Pskovskaya GRES



435 MW
Installed electric capacity

84 Gcal/h
Installed heat capacity

Pskovskaya GRES is located in the village of Dedovichy, Pskov Region (North-Western UPS).

The power plant's load ensures technical feasibility for the purposes of exporting electricity to the power supply systems of Belarus and the Baltic states due to the location of Pskovskaya GRES in the power grid which provides parallel operation of the power supply systems of the aforementioned countries with those of UES of Russia.

Due to the aforementioned factors, the electricity production of Pskovskaya GRES is strictly dependent

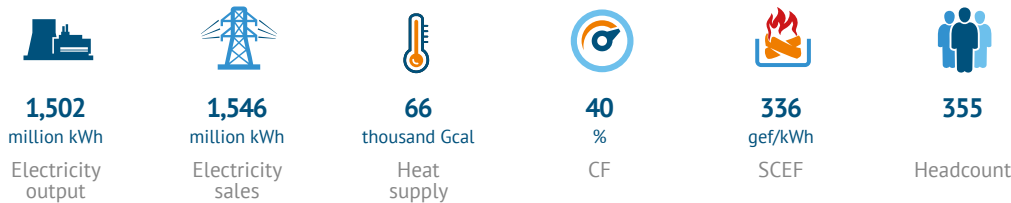
on the demand for electricity, including in the Baltic states and Belarus.

The plant's primary fuel is gas. There is no reserve fuel; the starting fuel is gas and fuel oil.

Both units of Pskovskaya GRES participate in the system services market in terms of standardization of the primary frequency regulation.

The plant's main competitor is North-Western CHPP (JSC "INTER RAO UES").

Key figures for 2013



Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	100	420 million m³
Coal	–	–
Fuel oil	0	0 thousand tons

Adlerskaya TPP¹



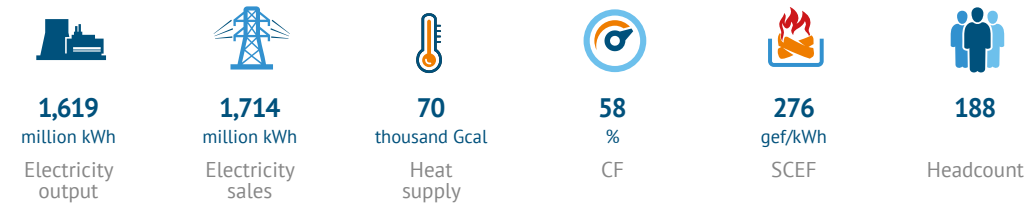
Adlerskaya TPP is a state-of-the-art combined cycle gas turbine plant comprised of two autonomous CCGT-180 power units,

with the gas turbine units; the primary and the reserve fuel is gas. The emergency fuel is diesel fuel.

351 MW
Installed electric capacity

227 Gcal/h
Installed heat capacity

Key figures for 2013



Fuel mix and fuel consumption in 2013

	Fuel mix, %	Fuel consumption
Gas	99.8	370 million m³
Coal	–	–
Diesel fuel	0.2	0.6 thousand tons

¹ JSC "OGK-2" acts as the operator of Adlerskaya TPP which is owned by Gazprom Investproject LLC.

1.3. Main Events

January

Adlerskaya TPP comes on-stream.

5 March

Yuri Andreyev is appointed Director of Pskovskaya GRES branch of JSC "OGK-2". He also remains the head of the JSC "OGK-2" branch - Kirishskaya GRES thereby holding two management positions.

7 March

Oleg Vergeichik is appointed Director of the JSC "OGK-2" branch - Surgutskaya GRES-1.

29 March

The power plants of JSC "OGK-2" have taken all actions required to ensure accident-free operation during the high-water period.

11 April

Transformers for the 660MW Power Unit 10 under construction were delivered to the construction site of the JSC "OGK-2" branch - Troitskaya GRES.

26 April

The Federal Financial Markets Service of Russia registered the report on the results of an additional securities issue of JSC "OGK-2" (the state registration number of the additional securities issue is 1-02-65105-D-005D, dated August 30, 2012).

24 May

Ordinary registered uncertified shares of JSC OGK-2 (primary issue) were transferred from Quotation List "A" of the 1st level to Quotation List "B" of the List of the Securities Admitted to Trading on the MICEX SE CISC.

28 May

An annual General Meeting of Shareholders of JSC OGK-2 was held, during which the Company's 2012 Annual Report and annual financial statements, including the profit and loss statement, were reviewed and approved, the previous financial year's profits and losses were allocated, and a new revision of the Articles of Association of JSC "OGK-2" was approved.

The annual General Meeting of Shareholders re-elected the Board of Directors (11 members) and the Internal Audit Commission (5 members) and approved CJSC PwC Audit as the Company auditor.

27 June

Stage 1 of the Power Unit 10 turbine equipment assembly (installation of the turbine condenser) commenced at the construction site of the JSC "OGK-2" branch - Troitskaya GRES.

15 July

Ordinary registered uncertified shares of JSC "OGK-2" (additional issue) were included in Quotation List "B" of the List of the Securities Admitted to Trading on the MICEX SE CISC.

1 August

Due to the cancellation of individual number (code) 005D of state registration number 1-02-65105-D-005D, dated August 30, 2012, which was assigned to the issue of additional ordinary registered uncertified shares of JSC "OGK-2", the primary and additional issues of the Company's ordinary registered uncertified stock were merged.

5 September

Concreting of the body of the chimney-type cooling tower of Power Unit 10 under construction was completed at the construction site of the JSC "OGK-2" branch - Troitskaya GRES.

11 October

Concreting of the chimney shaft of Power Unit 10 under construction was completed at the construction site of the JSC "OGK-2" branch - Troitskaya GRES.

11 November

JSC "OGK-2" obtained a certificate of work readiness for the 2013-2014 autumn/winter period.

December

The Enterprise Information Management System for the Generating Company was launched.

The operational efficiency enhancement program was implemented.

1.4. Information Fbout the Risks and Risk Management System

The Company's Risk Management Policy

Risk management is viewed as one of the most important elements of strategic management and internal control; it ensures high-quality corporate governance, financial stability, maintains the business development strategy and fulfills the Company's mission.

To implement the unified risk management policy the Company has been introducing an integrated risk management system (IRMS) on a stage-by-stage basis.

1. The initial stage of IRMS introduction was characterized by creating a corporate risk optimization mechanism by means of insurance outsourcing (transferring certain risks to insurance companies for a fee), which ensured stability and optimal protection of the Company from the external and internal risks inherent to the core activity under the specified conditions.

At present, risk management at this stage is carried out along the following lines:

1.1. To manage the proprietary and social risks inherent to production and business operations, a program is being developed and implemented on an annual basis to insure all types of risks accepted by insurance companies. Work aimed at improving such criteria as "quality/cost" of insurance programs is being carried out continuously.

1.2. As part of managing social risks, programs of non-governmental pension provision and personal insurance are being developed and implemented for the Company's employees. These programs raise the level of social protection and motivation of the Company's employees and improve the mechanism of recruiting and retaining highly qualified staff.

1.3. In the context of risk management and in the course of implementing large-scale investment projects, programs aimed at insuring proprietary and financial risks are being developed and implemented with the aim of achieving the optimal balance between risk management costs and permissible damage,

minimizing the Company's financial resources intended for liquidating the consequences of risks that do occur in the course of implementing large-scale investment projects, and increasing the investment attractiveness of the Company.

2. For the purposes creating an integrated risk management system, work is being carried out with an aim to developing a unified comprehensive approach to the Company's risk management system.

Developing markets, and the market in the Russian Federation in particular, are characterized by a higher level of risk than more developed markets, including significant legal, economic and political risks. It is necessary to take into account that developing economies, such as the economy of the Russian Federation, are subject to quick changes and that, as such, the information presented in this document could very quickly become outdated. Therefore, investors must thoroughly evaluate personal risks and take into account the existing risks when making decisions regarding the advisability of investment. In practice, qualified investors, who fully understand the level of current risks, are well-suited to make investments on developing markets; furthermore, investors are advised to consult with their own legal and financial consultants before investing in Russian securities.

In the foreseeable future, the Issuer's business may be subjected to the influence of such risks and their consequences. As a result, there exist uncertainties that may have an influence on the Issuer's future commercial activities, on the possibility of selling its assets and on the observance of periods for repaying liabilities, as well as on the price of the Issuer's stocks.

However, the data presented herein does not replace personal analysis of investment risks by securities purchasers. Each of these factors could have undesirable effects on the Issuer's financial standing. The Issuer cannot guarantee that the indicated risk factors represent a full and exhaustive list of those necessary for making decisions regarding securities purchases.

Main risks and mitigation efforts

Risk type	Risk description	Mitigation efforts
1. Industry risks		
1.1. Market risks	<ul style="list-style-type: none"> Fall in demand for electricity as a result of a production decline caused by economic recession; landslide of prices for electricity in the non-regulated market segment; Competition with more efficient power generation companies in a liberalized market, including implementation of innovative technologies by competitors; Increasing competition in the future after all power generating companies complete their investment programs; Rates for electricity and heat set below an economically justifiable level by the government; Increase of payment defaults for the electricity and heat supplied; Risks related to weather factors or an increase in seasonal water content; Changes to the rules of the wholesale electricity and capacity market. 	<ul style="list-style-type: none"> Increasing operational efficiency by implementing programs aimed at cutting production costs and saving fuel; Timely repairs and modernization, overhauling or retrofitting; Concluding long-term contracts for power and heat supply.
1.2. Risks of growing prices for energy resources, materials and equipment	The Company's core activity strongly depends on gas and coal suppliers as well as repair services. Soaring prices for these resources and services may significantly affect the financial and economic performance of the Company.	<ul style="list-style-type: none"> Efficient actions aimed at optimizing the structure of the fuel mix; Increasing operational efficiency of the Company by implementing programs aimed at reducing production costs and saving fuel; Concluding medium-term contracts with suppliers at fixed prices taken into account when devising the business plan; Optimizing repair and operational costs as well as capital construction costs; Conducting tenders as a means of selecting product suppliers, contractors and service providers; Increasing management efficiency, transparency and control over expenditure.
1.3. Risks in implementation of investment projects	<ul style="list-style-type: none"> Postponing project completion dates due to changes in technical solutions and the impossibility of meeting deadlines, which may lead to sanctions against the Company on a competitive capacity market (CCM) or within the framework of the capacity supply agreement; Unforeseen increase of expenses during implementation of an investment program, which may lead to deterioration of the approved parameters of the investment project. 	<ul style="list-style-type: none"> Improving the procedure by which all participants supervise the organization and completion of work specifying tough penal sanctions for failure to meet the deadlines in general and in particular stages which have an impact on completion of the entire project in agreements with suppliers and contractors; Thorough examination of technical solutions for the project implementation at the design stage.

Risk type	Risk description	Mitigation efforts
2. National and regional risks		
2.1. Political, economic and social risks inherent to the Russian Federation	<ul style="list-style-type: none"> Changing (falling) global oil and natural gas prices; Eruption of internal conflicts in Russia, including conflicts involving military forces, or acts of terror; Imposition of state of emergency in the regions where the Company's power plants are located; Deterioration of the infrastructure. 	<ul style="list-style-type: none"> Continuous monitoring of the situation in regions where the Company's plants are located, and, when necessary, introducing amendments to investment programs, in favor of regions with a more positive economic situation; Cooperation with the state and other authorities with the aim of overcoming negative changes in Russia or the RF regions.
3. Financial risks		
3.1. Risks related to changes in interest rates	The electric power industry is one of the capital-intensive branches of industrial production. Strengthening the Company's market position will require significant additional investment expenditure. It will be necessary to borrow funds in order to finance this. At the same time, the Company needs to borrow funds to achieve its current goals because of the gaps between power supplies to the counterparties and payments made for them. Increasing interest rates may lead to an increase in the cost of funds intended for the Company's investment program and business activity.	<ul style="list-style-type: none"> raising short-term and long-term credit on the condition of ensuring optimal structure and value of the credit portfolio; Placement of bonds when there are favorable market conditions.
3.2. Inflation risk	<p>The adverse effect of inflation on the financial and economic activities of the Company mainly manifests itself in the following risks:</p> <ul style="list-style-type: none"> Risk of losses related to a decrease in the real value of accounts receivable in the event of a considerable deferment or delay in payment; Risk of an increase in payable interest; Risk of an increase in the cost of goods, products, work or services due to growing prices of energy resources, transportation, salaries, etc.; Risk of reduction in the real value of funds raised to implement the investment program. 	<ul style="list-style-type: none"> Efforts aimed at setting economically justifiable rates for the Company within the limits imposed by the state; Carrying out actions aimed at cutting internal costs.
3.3. Risk of change in exchange rates	There are currently a number of foreign currency contracts in the context of the Company's production and business activities, which make up an insignificant share in the overall volume of purchases. An appreciation of the foreign currency will not affect the Company business.	Modification of foreign equipment procurement plans in the event of a substantial currency appreciation.

Risk type	Risk description	Mitigation efforts
4. Legal risks		
4.1. Risks related to the revocation of licenses	This includes risks related to the impossibility of extending the Company's license for carrying out a certain type of activity or for using sites which are restricted (including natural resources).	Upon expiry of the licenses or in the event of changes in the licensing requirements JSC "OGK-2" will make every possible effort to renew them or obtain new licenses and will also take necessary actions to bring its activities into compliance with the new licensing requirements.
4.2. Risks related to changes in tax legislation	The Russian tax legislation is subject to varying interpretations and frequent changes, which complicates provision of forecasts of taxpayer activities for the medium and long term and may also lead to an increase of the Company's tax burden.	JSC "OGK-2", as a law-abiding taxpayer operating under the conditions of imperfect and frequently changing tax legislation, directs all possible efforts towards ensuring compliance with such legislation and in the case of necessity will resort to defending its positions in court.



Risk type	Risk description	Mitigation efforts
5. Risks related to the Company's activities		
5.1. Risks related to protection of the environment	The Company's industrial activities are linked to the potential danger of inflicting damage on or polluting the natural environment. As a result there arises the risk of civil responsibility and of the necessity of working to correct such damage.	<ul style="list-style-type: none">• Overseeing the operations to ensure compliance with applicable environmental protection standards at every stage;• Implementing measures aimed at protecting the environment and environmental impact mitigation;• Insurance coverage for environmental liability.
5.2. Industrial and operational risks	<p>Industrial risks are related to all types of technical violations and accidents due to the following reasons:</p> <ul style="list-style-type: none">• errors by operators;• natural and climatic factors;• economic and physical deterioration of fixed assets;• unforeseen external circumstances. <p>Operational risks are related to factors such as a ban on operating equipment with limit deviations from the regulatory technical requirements imposed by the supervisory authorities.</p>	<ul style="list-style-type: none">• Implementing strategic policy measures, such as upgrading the existing generation assets or fitting the existing machinery with state-of-the-art equipment, implementation of an investment program stipulating new capacity construction at existing power plant sites;• Commercial insurance of property, civil liability insurance of owners of hazardous industrial sites and hydrotechnical structures, and vehicles; and insuring personnel for accidents and illnesses;• Special training of personnel using training simulators;• Monitoring and increasing the level of safe practice and labor discipline;• Increasing the level of fire safety at production sites.• Efforts aimed at setting economically justifiable rates for the Company within the limits imposed by the state;• Actions aimed at cutting internal costs.
5.3. Judicial risks	Risks associated with the possibility of claims and demands brought by third parties against the Company in a judicial proceedings and relating to collection of funds from the Company or aimed at seizure of the Company's property and challenging the Company's property rights, as well as of rejection of claims and demands brought by the Company against third parties in a judicial proceedings to collect debts and recover losses or protect the Company's property rights.	Efforts aimed at developing contractual terms and conditions which would be in the Company's best interests and at preventing occurrence of said risks, implementation of a pre-trial dispute settlement procedure and actions aimed at minimizing negative consequences for the Company during court proceedings and execution of court decrees.

2. Financial and Economic Performance Overview²

Net profit in the reporting period increased by 12 %, and was equal to 4.5 billion rubles.

110,801,325

Total revenue from sales

thousand rubles
+7.6 %

10,284,100

Sales profit

thousand rubles
+30.13 %

² In this section, the analysis of financial and economic results has been carried out in accordance with Russian Accounting Standards (RAS).



The Company's revenues in 2013 grew by 7.24 % in comparison with 2012 to **111,588,943 thousand rubles**, and production cost increased by 5.62 % to **99,695,585 thousand rubles**.

The Company's sales profit was increased by 30.13 % to **10,284,100 thousand rubles**. Net profit in the reporting period increased by 11.89 %, and was equal to **4,483,149 thousand rubles**.

Main Financial and Economic Results for 2012-2013, thousand rubles

Index	2012	2013	Change, %
Revenues from sale of goods, products, works and services	104,058,330	111,588,943	7.24
Cost of sold goods, products, works and services	(94,393,041)	(99,695,585)	5.62
Gross profit	9,665,289	11,893,358	23.05
Administrative expenses	(1,762,638)	(1,609,258)	(8.7)
Sales profit	7,902,651	10,284,100	30.13
Interest receivable	98,615	359,730	264.78
Interest payable	(1,944,649)	(1,769,247)	(9.02)
Other income	1,540,639	1,472,350	(4.43)
Income from participation in other enterprises	2,387	2,804	17.47
Other expenses	(2,508,084)	(4,442,707)	77.14
Profit before tax	5,091,559	5,907,030	16.02
Changes in deferred tax assets	308,996	(175,902)	157
Changes in deferred tax liabilities	(326,754)	(526,298)	61.07
Current income tax	(1,224,949)	(733,575)	(40.11)
Income tax from previous years	157,906	12,914	(91.82)
Other	(78)	(1,020)	1,207.69
Net profit for the reporting period	4,006,680	4,483,149	11.89

2.1. Revenue

Income from sales of electricity (69.8 %) and capacity (25.7 %) dominate the revenue structure of JSC "OGK-2". Sales of heat made up 3.8 % of revenue. Total revenue from sales of electricity, capacity and heat for 2013 amounted to **110,801,325 thousand rubles**, which exceeds the revenue of 2012 by 7.6 %³.

³ More detailed information about revenue from sales of electricity, capacity and heat is specified in Section 4 hereof.

Revenue structure of JSC "OGK-2" in 2012–2013, thousand rubles

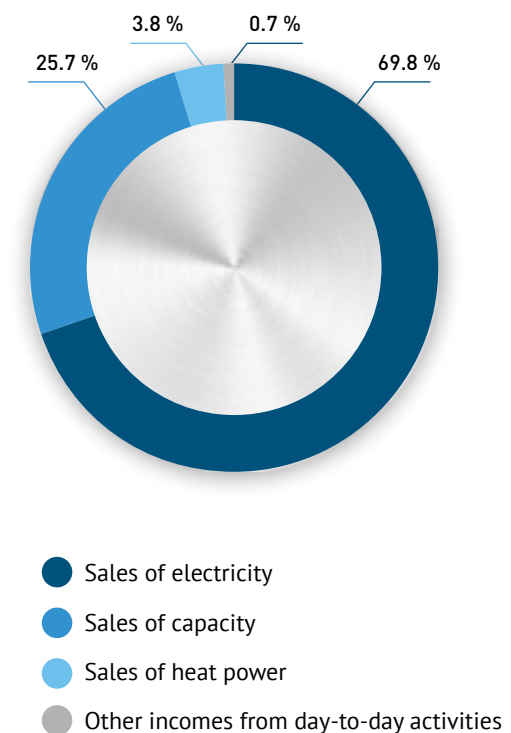
Index	2012	Share in revenue, %	2013	Share in revenue, %	Change, %
Revenue	104,058,330	100.0	111,588,943	100.0	7.3
Sales of electricity	74,439,690	71.5	77,867,745	69.8	4.6
Sales of capacity	25,111,441	24.1	28,729,825	25.7	14.4
Sales of heat power	3,469,671	3.3	4,203,755	3.8	21.6
Other incomes from day-to-day activities	1,037,528	1.1	787,618	0.7	(24.1)

In 2013 the company revenue increased by 7.3 % in comparison with 2012. The main factors that led to growth of revenue were:

- increase of revenue from sales of capacity, mainly through sales of capacity according to DPM contracts, due to launch of Adlerskaya TPP and increase of DPM tariffs for Kirishskaya GRES CCGT-800 and GRES-24;
- increase of revenue from sales of electricity, mainly through adjustment for inflation levels of RC tariffs since the second half of 2013.;
- increase of revenue from sales of heat power is caused both by tariff increase and growth of sales, primarily by industrial consumers Kirishskaya GRES.

Sales revenues from other products (services) resulting from core activities in 2013, which includes revenues from sales of chemically treated water, payment for non-return of condensate, payment for transfer of heat power, revenue from leasing property, revenue from the technological merger etc. made up 787 618 thousand rubles, which is 24.1 % less than in 2012. The reason for this decline was the inclusion of profits for services related to construction of Adlerskaya TPP with other incomes.

Revenue structure in 2013



2.2. Production Cost

The production costs of JSC “OGK-2” (including administrative costs) in 2013 increased by 5.4 % in comparison with 2012, amounting to 101,304,842 thousand rubles. The lesser, relative to revenues, growth of production costs is caused by decrease in electric power production as part of capacity utilization optimization.

The largest part of the production cost structure (72.7 %) is made up of variable costs; fixed costs make up 27.3 % of the overall cost structure.

Production cost structure of JSC “OGK-2” in 2012-2013

	2012		2013		Change, %
	Thousand rubles	Share, %	Thousand rubles	Share, %	
Total production cost	96,155,679	100.00	101,304,843	100.00	5.36
Variable costs	70,950,696	73.79	73,678,947	72.73	3.85
Fuel costs	62,106,042	64.59	64,282,520	63.45	3.50
Electricity (capacity) purchase from wholesale market	8,752,413	9.10	9,281,268	9.16	6.04
Water for technological needs	92,241	0.10	115,160	0.11	24.85
Semi-fixed costs	25,204,983	26.21	27,625,896	27.27	9.60
Raw materials	2,551,078	2.65	2,181,611	2.15	-14.48
Production works and services	4,324,640	4.50	4,557,831	4.50	5.39
Depreciation	3,135,528	3.26	3,512,672	3.47	12.03
Labor remuneration and contributions for social needs	6,463,336	6.72	6,630,043	6.54	2.58
Private pension funding	39,723	0.04	54,849	0.05	38.08
Water tax	1,379,399	1.43	1,245,353	1.23	-9.72
Other costs	7,311,279	7.60	9,443,536	9.32	29.16

In 2013, the share of fuel costs in the general production cost structure was 63.5 %. The growth of fuel costs in 2013 by 3.5 % (in comparison with 2012) to 64,282,520 thousand rubles is connected to the growth of coal and gas write-off price, despite decreasing the amount of fuel used up due to production decrease.

Electricity purchase expenses in 2013 increased by 6.04 % in comparison with 2012 and amounted to 9,281,268 thousand rubles. The share of energy purchase expenses in the production cost structure amounted to 9.16 %.

In 2013 the repair program costs (recorded as part of the raw materials, production works and services, labor remuneration and insurance payments to non-budgetary funds) increased to 5,562 million rubles. Part of repair costs in the general production cost structure in 2013 amounts to 5 %.

Costs grouped under the “Production works and services” in 2013 amounted to 4,557,831 thousand rubles, which is 5.39 % more than same costs in 2012.

Costs grouped under the “Depreciation” in 2013 amounted to 3,512,672 thousand rubles, which is 12 % more than same costs in 2012. The growth is caused by installation of equipment according to the investment program of the Company.

Costs for labor remuneration and payment for social contributions to non-budgetary funds (UST) grew by 2.58 % in comparison with 2012 amounting to 6,630,042 thousand rubles. The share of those costs in the general production cost structure in 2013 amounted to 6.54 %.

2.3. Other Expenses and Income

Other income from non-core activities in 2013 equaled **1,834,884 thousand rubles**, which is 11.77 % more than in 2012 due to increase of receivable interest.

Other expenses in 2013 were increased by 39.5 % in comparison with 2012 to **6,211,954 thousand rubles** due to increase of allowance for doubtful accounts in 2013.

Other expenses and income 2012-2013, thousand rubles

Index	2012	2013	Change, %
Other income, total	1,641,641	1,834,884	11.77
Interest receivable	98,615	359,730	264.78
From sales of capital assets, apartments, inventory, non-material assets, other capital assets	162,795	209,242	28.53
From participation in other enterprises	2,387	2,804	17.47
Penalties, fines, forfeits – recognized or with judgment of court received	145,604	91,989	-36.82
Profit for past years discovered in accounting reference period	340,241	378,923	11.37
Accounts payable over 3 years	60,867	30,982	-49.10
From currency differences	85,615	9,604	-88.78
Other miscellaneous income	745,517	751,610	0.82
Other expenses, total	4,452,733	6,211,954	39.51
Interest payable	1,944,649	1,769,247	-9.02
From sales of capital assets, apartments, inventory, non-material assets, other capital assets	259,315	189,372	-26.97
Payments for crediting services	8,573	6,665	-22.26
Allowance for doubtful accounts	1,099,156	2,797,973	154.56
Penalties, fines, forfeits – recognized or with judgment of court received	129,115	65,771	-49.06
Losses for past years discovered in accounting reference period	67,826	135,027	99.08
From currency differences	54,214	34,125	-37.06
Social expenses	427,641	618,906	44.73
Remuneration payments to members of the Board of Directors and Audit Commission	5,709	8,151	42.77
Capital management expenses (reassessment, register, consulting)	20,574	22,039	7.12
Yearly shareholder meeting expenses	16,390	16,631	1.47
Other expenses (elaboration)	419,571	548,047	30.62
Balance of other expenses and income	-2,811,092	-4,377,070	55.71

2.4. Profit

10,284,100

thousand rubles

The sales profit of JSC "OGK-2"

Sales profit

The sales profit of JSC "OGK-2" at the end of 2013 was **10,284,100 thousand rubles**, which is 30.13 % more than in 2012. Ryazanskaya GRES experienced

the most significant growth of sales profit due to changing the fuel usage structure and off-loading the low-performance equipment.

Dynamics of changing the sales profit by GRES in 2012-2013, thousand rubles

	2012	2013	Change, %
Total	7,902,650	10,284,100	30.13
Surgutskaya GRES-1	5,006,394	4,485,909	-10.40
Ryazanskaya GRES	414,961	1,190,754	186.96
Kirishskaya GRES	2,404,645	4,192,988	74.37
Stavropolskaya GRES	628,265	796,789	26.82
Novocherkasskaya GRES	586,311	980,879	67.30
Troitskaya GRES	-1,123,019	-1,374,791	22.42
Krasnoyarskaya GRES-2	1,035,752	547,158	-47.17
Cherepovetskaya GRES	-321,876	-210,592	-34.57
Serovskaya GRES	-306,030	-239,277	-21.81
Pskovskaya GRES	-211,013	-158,539	-24.87
Adlerskaya TPP	-211,740	72,822	-134.39

⁴ EBITDA = profit before taxation (line code 2300 of Financial and Economic Performance Overview) – interest receivable (line code 2320 of Financial and Economic Performance Overview) – income from participation in other organizations (line code 2310, of Financial and Economic Performance Overview) + interest payable (line code 2330 of Financial and Economic Performance Overview) + depreciation for the applicable period.

EBITDA⁴

EBITDA and profitability of EBITDA in 2012-2013

Index	2012	2013	Change, %
EBITDA, thousand rubles	10,070,735	10,826,411	7.50
Profitability of EBITDA, %	9.7	9.7	0.25

Net profit

At the end of 2013 profit of JSC "OGK-2" made up **4,483,149 thousand rubles**, which is 11.89 % more than the results of 2012 activity.

The main cause of net profit growth is outstripping growth of revenue in comparison with production cost.

Profitability ratios for 2012-2013

Ratio	2012	2013	Change, %
Net profit, thousand rubles	4,006,680	4,483,149	11.89
ROS Return on sales (Sales profit/Revenue)	7.59	9.22	21.35
Net profit return (Net profit / Revenue)	3.85	4.02	4.34
ROE Return on equity (Net profit / Average annual equity and reserves)	5.15	4.43	(13.84)
ROA Return on assets (Net profit /Assets)	2.93	2.90	(1.13)

2.5. Balance Structure

Balance structure in 2012-2013

	Index	2012	Share in the balance	2013	Share in the balance	Change, %
		thousand rubles	%	thousand rubles	%	
Assets	Non-current assets	107,470,007	78.63	118,790,953	76.80	10.53
	Current assets	29,209,707	21.37	35,889,576	23.20	22.87
	Total	136,679,714	100.00	154,680,529	100.00	13.17
Liabilities	Capital and reserves	79,651,125	58.28	107,135,229	69.26	34.51
	Long-term liabilities	22,875,708	16.74	38,155,806	24.67	66.80
	Short-term liabilities	34,152,881	24.98	9,389,494	6.07	(72.51)
	Total	136,679,714	100.00	154,680,529	100.00	13.17

2.5.1. Assets

According to the financial statements of JSC "OGK-2" on December 31, 2013 the value of the Company's assets is 154,680,529 thousand rubles (as of 31.12.2012 – 136,679,714 thousand rubles).

Assets structure in 2012-2013

	Index	31.12.2012		31.12.2013		Change, %
		thousand rubles	% of assets sum	thousand rubles	% of assets sum	
Non-current assets	Fixed assets	52,481,817		51,995,267		(0.93)
	Construction in progress	29,481,744		46,591,175		58.03
	Long-term financial investments	2,761,531	78.63	2,473,997	76.80	(10.41)
	Other (deferred tax assets, long-term advance payments for capital construction, etc.)	22,744,915		17,730,514		(22.05)
Current assets	Reserves	6,925,145		6,707,433		(3.14)
	Long-term accounts receivable	494,376		246,223		(50.20)
	Short-term accounts receivable	15,194,860	21.37	18,307,361	23.20	20.48
	Short-term financial investments	2,628,376		4,154,930		58.08
	Cash	3,751,338		5,747,280		53.21
	Other (VAT and other current assets)	215,612		726,349		236.88
Total assets		136,679,714	100 %	154,680,529	100 %	13.17

In 2013 the advance payments for construction work in progress of JSC "OGK-2" increased by 58.03 % to 46,591,175 thousand rubles, which is due primarily to construction of CSA objects at Serovskaya GRES, Troitskaya GRES, Novocherkasskaya GRES.

Increase of short-term financial investments by 58.08 % to 4,154,930 thousand rubles has been caused by allocation of short-term deposits for terms of 3 months to 1 year.

Decrease of other non-current assets by 22.05 % to 17,730,514 thousand rubles is due primarily to offset of advance payments issued to capital construction subcontractors.

154,680,529

thousand rubles

The value of the Company's assets

2.5.2. Liabilities

As of December 31, 2013 the JSC “OGK-2’s” total liabilities amounted

to 154,680,529 thousand rubles (as of December 31, 2012 – 136,679,714 thousand rubles).

Liabilities structure in 2012-2013

		31.12.2012		31.12.2013		Change, %
		thousand rubles	% of liabilities sum	thousand rubles	% of liabilities sum	
Equity and reserves		79,651,125	58.28	107,135,229	69.26	34.51
Long-term liabilities	Loans and credits	20,100,000		34,570,664		71.99
	others	2,775,708	16.74	3,585,142	24.67	29.16
Short-term liabilities	Loans and credits	3,200,360		2,643		(99.92)
	Loan payable	30,464,102	24.98	8,861,441	6.07	(70.91)
	other	488,419		525,410		(7.57)
Total liabilities		136,679,714	100.00	154,680,529	100.00	13.17

The increase of equity and reserves as of December 31, 2013 in comparison with December 31, 2012 by 34.51 %, is mainly due to additional issue of shares (charter capital and capital surplus increase took place).

Increase of long-term liabilities as of December 31, 2013 in comparison with December 31, 2012 by 66.80 %, is mainly due to receiving loans from JSC “Gazprom” in 2013.

Decrease of short-term loans and credits as of December 31, 2013 in comparison with December 31, 2012 by 99.92 % is due to repayment of short-term loans of AB “Russia” in 2013.

Decrease of short-term accounts payable as on December 31, 2013 in comparison with December 31, 2012 by 70.91 %, is mainly due to repayment received on 2012 from shareholders of JSC “OGK-2” by preemptive right of purchasing new shares – in 2013 additional issue of shares took place.

Credit portfolio

Index	As of 31.12.2012, thousand rubles	As of 31.12.2013, thousand rubles	Change, %
Long-term credits and loans	20,100,000	34,570,664	72.0
Short-term credits and loans	3,200,360	2,643	-99.9

The credit portfolio increased in comparison with December 31, 2012. The principal causes of credit portfolio change in 2013 are the following:

- repayment of short-term credits;

- raising a long-term credit from JSC “Sberbank” for financing CSA objects;
- raising long-term loans from CSA “Gazprom”.

Financial indices of JSC “OGK-2”

The financial condition of a joint-stock company is reflected by financial results calculated from the data of financial statements reports (accounting balance sheet (form No. 1), financial statements reports (form No. 2).

Financial indices as of 31.12.2012 and 31.12.2013

Name	formula for calculating indices	Recommended values	Index as of 31.12.2012 Factual per financial statement/ Factual*	Index as per 31.12.2013
Liquidity indices				
Absolute liquidity ratio	(Cash + Short-term financial investments)/Short-term liabilities	>0.15	0.19/0.57	1.05
Quick assets ratio	(Cash + Short-term financial investments +Accounts receivable of less than 12 months)/ Short-term liabilities	>0.95	0.94/2.96	3.18
Current liquidity ratio	Current assets/Current liabilities	>2	1.16/3.67	4.05
Financial soundness indices				
Equity to total assets ratio	Equity /Total assets	>0.8	0.58/0.75	0.69
Returns indices				
Return on sales (ROS)	(Gross profit /Sales revenue)*100	>15 %	7.59 %/7.59 %	9.22 %
Return on equity (ROE)	(Net profit /Equity)*100	>5 %	5.03 %/3.90 %	4.18 %
Return on assets (ROA)	(Net profit /Total assets)*100	>3 %	3.15 %/3.15 %	3.08 %
Indices of business activity				
Dynamics of accounts receivable*	(Accounts receivable at the end of the reporting period – Accounts receivable at the end of the base period)/ Accounts receivable at the end of the base period	<-10	5.28/5.28	(27.57)
Dynamics of accounts payable*	(Accounts payable at the end of the reporting period – Accounts payable at the end of the base period)/Accounts payable at the end of the base period	<-10	313.71/1.33	(70.92)
Ratio of accounts receivable to accounts payable	Accounts receivable at the end of the reporting period / Accounts payable at the end of the reporting period	>1	0.82/3.14	1.88

*Factual – indices, calculated accounting for shares issue in the capital assets, not in the accounts payable.

The indices of absolute, current and quick assets display positive dynamics in comparison with 2012, and amount to 1.05, with recommended value of >0.15, 4.05 with recommended value of >2 and 3.18 with recommended value of >0.95 correspondingly.

The absolute liquidity ratio characterizes the enterprise’s capability to repay debts, since for readily available funds of the first group of assets there is practically no danger of depreciation and there is not time lag for converting them into means of payment.

The current liquidity ratio characterizes both the overall assurance of the company’s short-term liabilities using current assets for carrying out business activities and the timely repayment of its term liabilities.

The quick assets ratio evaluates what share of current short-term liabilities which the company could pay-off in the case that its standing becomes critical, supposing that inventory reserves do not have any sort of liquidation value.

The equity to total assets ratio shows the share of equity in assets and specifies the degree of financial independence from creditors. The value of the ratio attests to the fact that the share of the Company’s equities to the total amount is more than 69 %.

The Return on equity indices also displays positive dynamics in comparison with 2012, caused by growth of net profit index in 2013.

Indices of business activity in 2013 have surpassed the recommended values.

Overall, the financial standing of the company based on the results of 2013 activity is deemed stable.

For a more accurate comparison between 2012 and 2013 the table presents calculation of ratios for 2012 calculated accounting for shares issue in the capital assets, not in the accounts payable as shown in the balance sheet.

3. Industrial Activity

“OGK-2” share in electricity generation in Russia is about 7 %.

70,659

Electricity
output
million kWh

6,812

Heat
output
thousand Gcal

3.1. Electricity Output

Electricity consumption in the Unified Power System of Russia in 2013 was 1,009.7 billion kWh, which is 0.6 % less than in 2012. The principal factors of decrease in electricity consumption in 2013 was falling consumption by the metallurgical plants (consump-

tion of aluminum plants since beginning of the year decreased by more than 5 billion kHz in comparison with 2012) and anomaly warm weather during the winter months. UPS of Russia power plants generated 1,023.5 billion kWh (0.8 % less than in 2012).

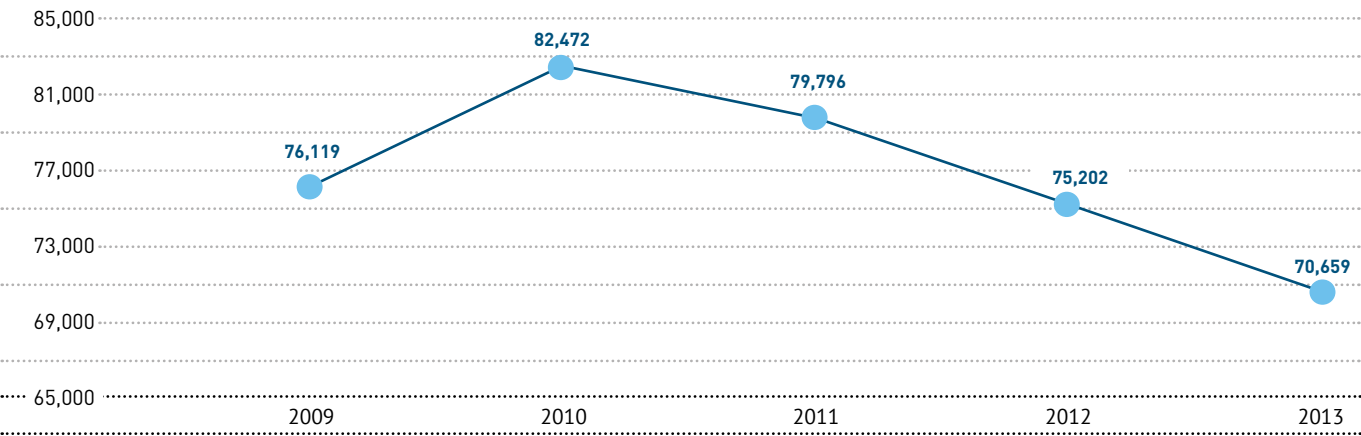
⁵ Values for 2009-2011 take into account the branches of JSC "OGK-6"

6.9 %
"OGK-2" share in electricity generation in Russia

Electricity output, million kWh⁵

	2009	2010	2011	2012	2013
Unified Power System of Russia	978,600	1,004,720	1,021,100	1,032,100	1,023,500
OGK-2	76,119	82,472	79,796	75,202	70,659
OGK-2 share in electricity generation in Russia	7.8 %	8.2 %	7.8 %	7.3 %	6.9 %

Electricity output at OGK-2, million kWh



70,659
million kWh
Electricity output by the power plants of JSC "OGK-2"

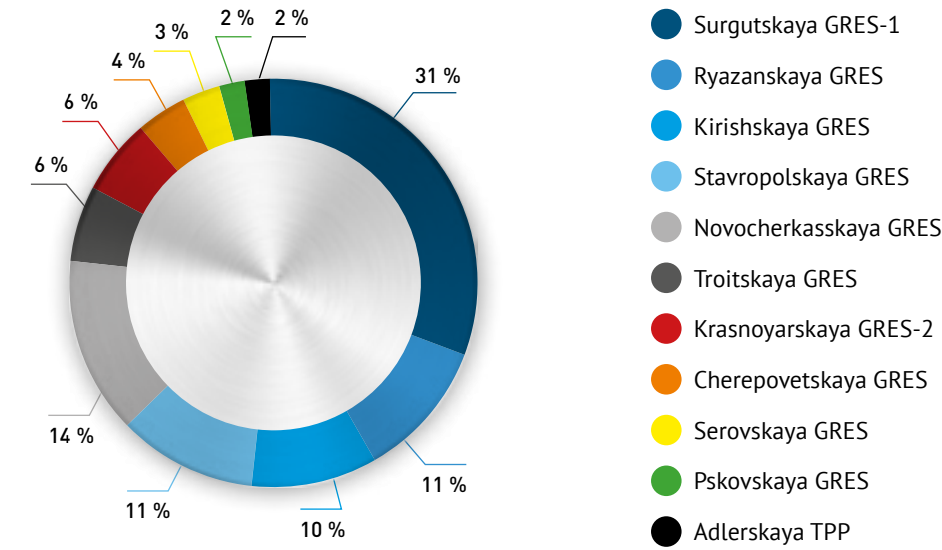
The share of JSC "OGK-2" in the Russian electricity market within the period from 2009 to 2013 has remained at the level of 7 % from the all-Russian level.

Electricity output by the power plants of JSC "OGK-2" for 2013 amounted to 70,659 million kWh, which is 6 % less than in 2012 (75,202 million kWh). The decrease in generation in 2013 is caused by significant decrease in generation across practically all branches.

Dynamics of JSC "OGK-2" electricity output in 2012-2013, million kWh

	2012	2013
OGK-2 total	75,202	70,659
Surgutskaya GRES-1	23,056	21,907
Ryazanskaya GRES	8,218	7,640
Kirishskaya GRES	5,988	7,429
Stavropolskaya GRES	10,382	7,657
Novocherkasskaya GRES	9,544	9,640
Troitskaya GRES	4,544	3,961
Krasnoyarskaya GRES-2	6,774	4,650
Cherepovetskaya GRES	2,550	2,753
Serovskaya GRES	2,454	1,902
Pskovskaya GRES	1,692	1,502
Adlerskaya TPP		1,619

Dynamics of electricity output in 2013



Capacity factor⁶

The CF depends directly on the generation of the plants, which varies in accordance with electricity demand. The technical state of the equipment allows it to be 100 % loaded. Throughout the year it is not uncommon for the equipment to be fully loaded during peak periods.

In 2013, the capacity factor decreased from 47 % to 45 %. The decrease was connected with the decrease in generation.

The largest CF in 2013 was observed at Surgutskaya GRES-1: 77 %, at Novocherkasskaya GRES: 58 % and at Adlerskaya TPP – 58 %. The largest growth in CF in 2013 in comparison with 2012 took place at Kirishskaya GRES, by 6 %. At Troitskaya GRES and Cherepovetskaya GRES the factor growth was 4 %. At all the other branches this factor has decreased.

Capacity factor per plants of JSC "OGK-2" in 2012-2013, %

	2012	2013
OGK-2 total	47	45
Surgutskaya GRES-1	80	77
Ryazanskaya GRES	30	28
Kirishskaya GRES	27	33
Stavropolskaya GRES	49	36
Novocherkasskaya GRES	59	58
Troitskaya GRES	25	29
Krasnoyarskaya GRES-2	62	42
Cherepovetskaya GRES	46	50
Serovskaya GRES	52	40
Pskovskaya GRES	45	40
Adlerskaya TPP		58

⁶ The capacity factor (CF) is equal to the ratio of actual electric power generation for a given period to the possible electric power generation for the same period under conditions of operating at installed capacity without shutdowns.

The CF indicates the level of capacity utilization for electric power generation.

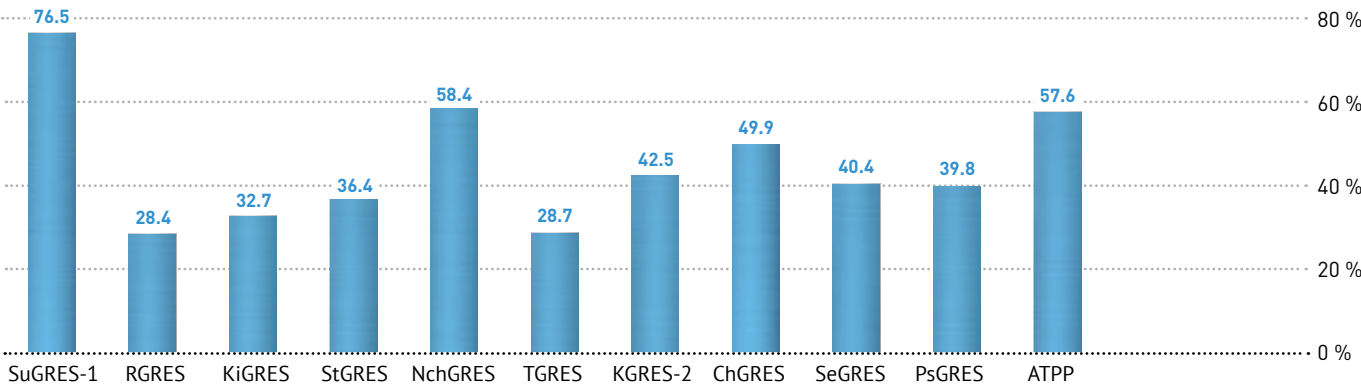
$CF = (Ve)/(N_{inst} \cdot t) \cdot 100, \%$

where:

Ve is the volume of electric power generated for the period, kWh;

Ninst is the installed capacity, kWh;

Capacity factor per plants of JSC "OGK-2" in 2012-2013, %



3.2. Heat Output

6,812
thousand Gal

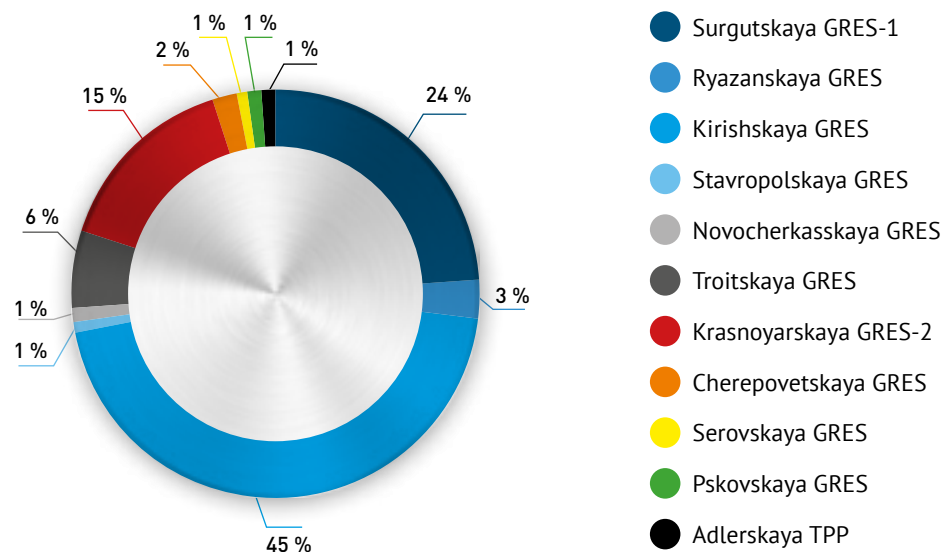
Overall heat energy generation at JSC "OGK-2"

Overall heat energy generation at JSC "OGK-2" in 2013 made up 6 812 thousand Gal, which is 7 % higher in comparison with 2012. (6,315 thousand Gcal). The delivery of heat energy took place according to consumer orders.

Kirishskaya GRES, Surgutskaya GRES-1 and Krasnoyarskaya GRES-2 have the largest share in generation of heat energy at JSC "OGK-2." The other plants produce small volumes of heat sufficient for their own needs and those of nearby villages.

Heat energy generation at JSC "OGK-2" has a seasonal character. The main income from sales of heat energy is received in the period from October to March.

Dynamics of heat output by plants of JSC "OGK-2" in 2013



3.3. Consumption of Equivalent Fuel Used to Generate Electricity and Heat

Specific consumption of equivalent fuel for electricity output from 2012–2013, gef/kWh

	2012	2013
OGK-2, total	353	345
Surgutskaya GRES-1	326	323
Ryazanskaya GRES	350	352
Kirishskaya GRES	298	270
Stavropolskaya GRES	333	336
Novocherkasskaya GRES	365	364
Troitskaya GRES	462	459
Krasnoyarskaya GRES-2	397	400
Cherepovetskaya GRES	376	383
Serovskaya GRES	473	481
Pskovskaya GRES	337	336
Adlerskaya TPP		276

On the whole, the SCEF for electricity output at JSC "OGK-2" in 2013 r. decreased by 8 gef/kWh.

Specific consumption of equivalent fuel for generating heat from 2012–2013, gef/kWh

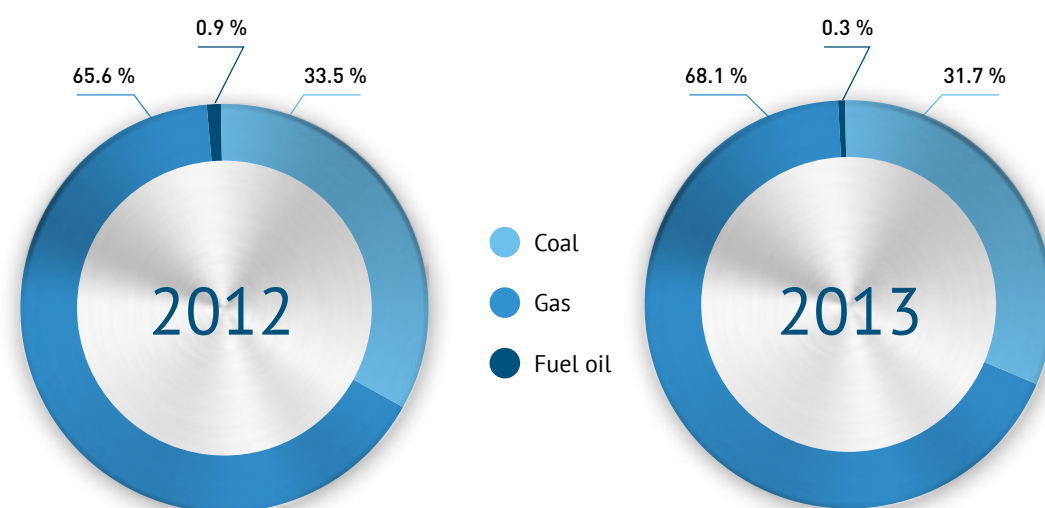
	2012	2013
OGK-2, total	154	153
Surgutskaya GRES-1	142	141
Ryazanskaya GRES	185	183
Kirishskaya GRES	143	144
Stavropolskaya GRES	172	172
Novocherkasskaya GRES	185	185
Troitskaya GRES	172	171
Krasnoyarskaya GRES-2	171	173
Cherepovetskaya GRES	185	186
Serovskaya GRES	187	191
Pskovskaya GRES	170	171
Adlerskaya TPP		155

On the whole, the SCEF for heat output at JSC "OGK-2" in 2013 decreased by 1 gef/Gcal.



3.4. Fuel Consumption

Fuel mix of OGK-2 and OGK-2 plants



In 2011, JSC "OGK-2" had the following fuel mix: 31.68 % coal, 68.06 % gas and 0.26 % fuel oil. As compared to 2012, the coal component dropped by 1.82 % and the gas component increased by 2.46 %. The fuel oil component decreased by 0.64 %.

The fuel supply strategy is aimed at optimizing the fuel mix in order to minimize fuel costs. It provides for the maximum possible replacement of expensive fuel (fuel oil) with other types of fuel, making fuel purchases through tenders, and conclusion of long-term contracts for fuel supply.

Coal consumption throughout JSC "OGK-2" was about 13 million tons of physical fuel, which is 1.9 million tons or 12 % less than in 2012. The significant decrease in coal consumption in 2013 is primarily due to the significant decrease in power generation at Troitskaya GRES and Krasnoyarskaya GRES in comparison with 2012 by 13 % and 31 %, correspondingly.

Gas consumption in 2013 decreased by 0.6 million m³ (a 4 % decrease in comparison with the previous year) and reached 14 million m³. This decrease in gas consumption has been observed across all branches and was due to both decrease in power generation and increase of coal share in the JSC "OGK-2" fuel mix, as a more economically feasible fuel.

Consumption of fuel oil in 2013 amounted to 45 thousand tons, which is 124 thousand tons less than the amount of fuel oil consumed in 2012. The decrease in fuel oil consumption is due to anomaly warm weather during the winter months.

Fuel consumption for generation in physical units

Type of Fuel / Branch	Amount in millions of tons, millions of m ³	
	2012	2013
Gas	14,673	14,118
Coal	14,967	13,109
Fuel oil	169	45
Diesel oil	0	1

Fuel consumption from 2012–2013, equivalent fuel in tons

	Amount	
	2012	2013
Fuel	25,962	24,028
Gas	17,030	16,353
Coal	8,698	7,612
Fuel oil	233	62
Diesel oil		1.5

Fuel costs structure, 2012–2013

Type of fuel	Cost of used fuel, million rubles		Change, %
	2012	2013	
Total	62,106	64,283	3.5
Gas	44,790	48,688	8.7
Coal	15,934	15,166	(4.8)
Fuel oil	1,366	408	(70.2)
Other fuels	16	21	31.0

The increase of used gas cost by 8,7 % which is due mainly to increase of gas price since the second half of 2013.

Cost of coal in 2013 decreased by 4,8 % mainly due to decreasing the production consumption, caused by decrease of production at Krasnoyarskaya GRES-2 and Troitskaya GRES.

Decrease of used fuel oil cost by 70,2 % is due to absence of gas supply limitations during peak loads in winter months of 2013.

Cost of other used fuel in 2013 increased by 31,0 % due to running equipment tests at the Adlerskaya TTP.

3.4.1. Gas consumption

In 2013, consumption of natural gas at JSC "OGK-2" branches decreased by 6 % in comparison with 2012.

Main gas suppliers

Supplier	Share in the total fuel supply, %	
	2012	2013
CJSC Gazprom Mezhhregiongaz Sever	21	22
OJSC Surgutneftegaz	10	7
LLC Gazprom Mezhhregiongaz Stavropol	23	18
LLC Gazprom Mezhhregiongaz Sanct-Peterburg	13	16
OJSC Gazprom Mezhhregiongaz Ryazan	13	13

Factors influencing the changes of values shown in the table:

- Decrease of OJSC Surgutneftegaz share by 3 % in the total gas supply cost in comparison with 2012 is due to decreasing the amounts allocated to Surgutskaya GRES-1 for 2013 according to supply contract, and also to decrease in gas consumption for that branch by 5 % due to decrease in electricity production at Surgutskaya GRES-1 in 2013 by 5 % in comparison with 2012.
- Decrease of LLC "Gazprom Mezhhregiongaz Stavropol" share in the total gas supply cost is due to decreasing the gas consumption for that branch by 25 % due to decreasing electricity production at Stavropolskaya GRES-1 in 2013 by 26 % in comparison with 2012.
- Increase of CJSC "Gazprom Mezhhregiongaz Sanct-Petersburg" share in the total gas supply cost is due to increase of electricity production by Kirishskaya GRES in 2013 by 24 % in comparison with 2012 and, consequentially, increase of gas consumption by 16 %.

3.4.2. Coal consumption

In 2013 branches of JSC "OGK-2" have been supplied by coal from Kansk-Achinsky, Podmoskovny, Borodinsky, Pereyaslavsky, Rostovsky and Ekibastuzsky basins, mainly according to long-term supply contracts.

Principal coal suppliers

Supplier	Share in the total coal supply, %	
	2012	2013
LLC Resursenergougol	22	13
LLC Energo-Impulse	8	11
LLC UTK	12	14
CJSC Trading House Elite	10	0
LLC Russky Ugol	10	2
LLC Krasnoyarskkrauygol	8	18

Factors influencing the change of values shown in the table:

- Decrease of LLC Resursenergougol share by 9 % in the total cost of coal supply in comparison with 2012 is due to decreasing the coal demand caused by decreasing electricity production at Troitskaya GRES and Serovskaya GRES, and also due to increase by 3 % the share of LLC Energo-Impulse – an alternate coal supplier to those branches.
- Increase of LLC UTK share by 2 % in the total coal supply cost is due to increasing the supply of coal from that supplier to Novochoerkasskaya GRES by over 5 % in 2013 in comparison with 2012.
- CJSC Trading House Elite supplied brown coal to Ryazanskaya GRES in 2012. According to open tender results in 2013 brown coal to Ryazanskaya GRES was supplied by LLC Krasnoyarskkrauygol.
- Share of LLC Krasnoyarskkrauygol in the total cost of coal supply in 2013 increased by 10 % due to brown coal supply contract for the needs of Ryazanskaya GRES. In 2012 this supplier has been supplying only Krasnoyarskaya GRES-2.
- Decrease of LLC Russky Ugol share is due to expiration on 30.06.2013 of coal supply contract to Novochoerkasskaya GRES.

3.4.3. Fuel oil consumption

Fuel oil has been supplied in 2013 to the JSC “OGK-2” branches - Troitskaya GRES and Krasnoyarskaya GRES-2.

Fuel oil was supplied to Krasnoyarskaya GRES-2 in 2013 mainly by LLC RN Krasnoyarsknefteprodukt – a subsidiary of JSC NK Rosneft. Also, fuel oil was supplied according to tender results by LLC EKS.

Fuel oil to Troitskaya GRES in 2013 was supplied mainly by CJSC Gazprom Neftekhim Salavat petrochemical company. Also, fuel oil was supplied according to tender results by JSC Ufaoil, LLC EKS, LLC Angara and LLC Intek-M.



Main fuel oil suppliers

Supplier	Share in the total fuel oil supply, %	
	2012	2013
CJSC Gazprom Neftekhim Salavat	33	37
CJSC Ufaoil	0	12
LLC Intek-M	15	6
JSC Surgutneftegaz	22	0
CJSC Trading House Elite	11	0
LLC Angara	0	11
LLC EKS	0	21

Factors influencing the changes indicated in the table:

1. Supplies of fuel oil to JSC “OGK-2” branches are performed primarily on a competition basis, based on price quotes for the corresponding period of supply.

3.5. Maintenance and Repair of Power Generating Equipment

One of the principal tasks of the Company is to keep the main production facilities in running order and capable condition, with optimal expenses for carrying out repairs and maintenance of equipment, buildings and installations.

To this end and to satisfy the required energy supply reliability criteria, failure-free operation and economical operation of the equipment, during 2013, capital and medium repairs were performed on equipment of total power 4,231 MW and total steam capacity 15,970 t/h, as well as scheduled current repairs of main production equipment. Furthermore, repairs of varied complexity have been performed on thousands of accessory equipment units, heat distribution networks, buildings and installations, as well as procedures prescribed by the inspection authorities.

As a result of thorough planning and timely management decisions, the repair campaign of 2013 has been completed successfully.

An important part in repair activity management was played by the implementation of previously made decisions on entering into long-term and service contracts, which allowed the decision-making on technical issues to be expedited, improving the quality of performed operations, and optimizing the schedule of main equipment repairs.

In 2013 important experience was gained in the maintenance of combined cycle generation equipment PGU-800, comprising two SGT5-4000F gas turbines and two SGen5-1000A generators at the JSC “OGK-2” branch - Kirishskaya GRES. In March 2013, following lengthy negotiations, a long-term contract active till 2025 was concluded for maintenance of that equipment. This is an innovation power unit, comprising the latest equipment (including imported equipment), which demands a new and flexible approach to maintenance and repair. The experience gained during the contract conclusion and maintenance of the equipment provided a reliable foundation for concluding similar contracts at other JSC “OGK-2” branches – Cherepovetskaya and Serovskaya GRES.

One of the most important tasks for 2013 was organizing the maintenance of the newest combined cycle power plant commissioned in January 2013 – Adlerskaya TPP. The power plant is equipped with state-of-the-art technology equipment; it consists of

two autonomous PGU-180 power blocks, each comprising two gas turbines manufactured by Ansaldo Energia (Italy) and a steam turbine manufactured in Russia by JSC Kaluzhsky turbine plant.

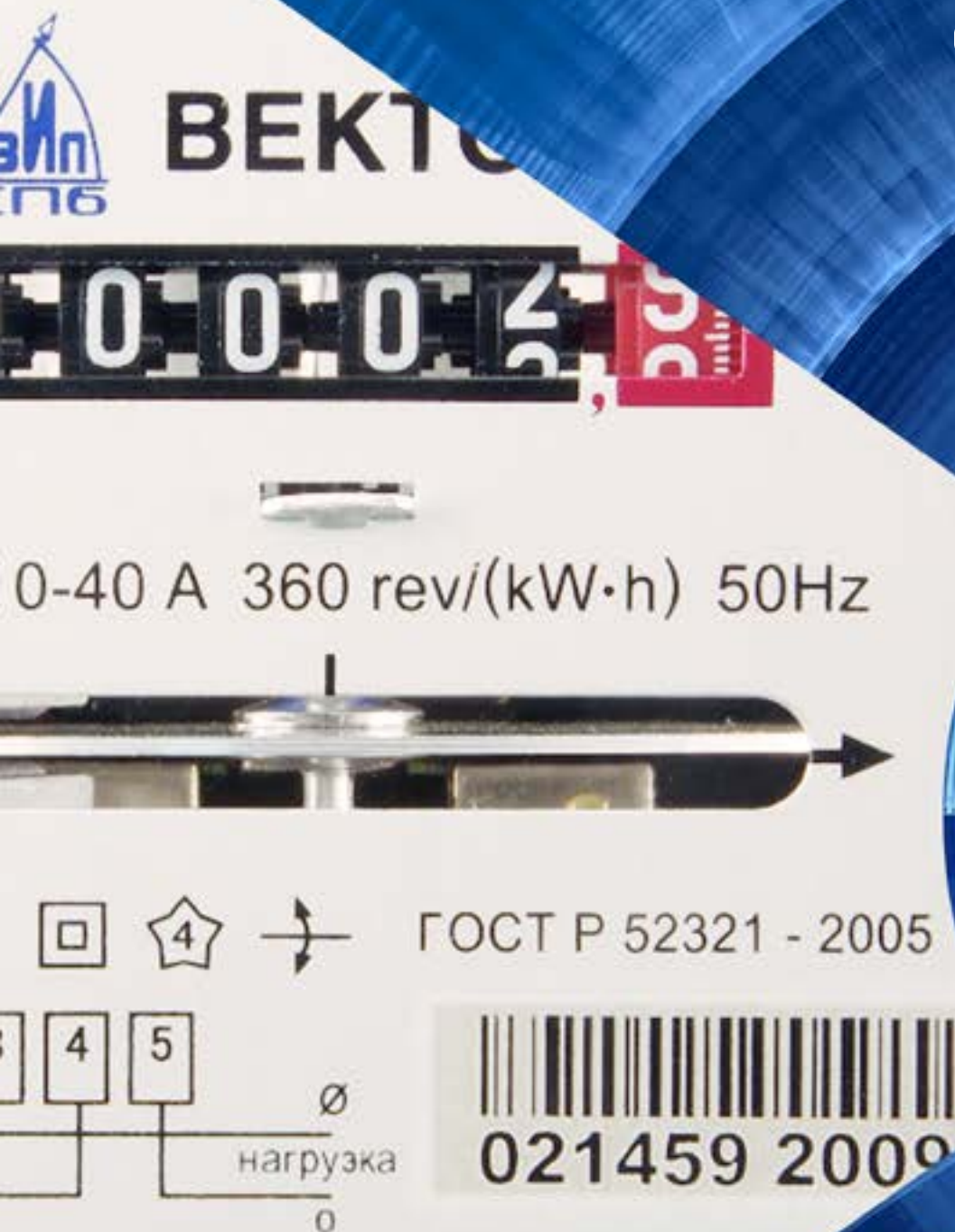
The timely conclusion of contracts for equipment maintenance and a number of operative decisions allowed Adlerskaya TPP to operate reliably and failure-free during the period of the Winter Olympics and the Paralympics – successfully supplying electricity and heating to the city of Sochi, sports and tourism sites, and preserving the warranties for Adlerskaya TPP.

In 2013 a module for repair scheduling and organization in the information and control system of power generation company. This allowed for a more transparent repair scheduling process as well as for accelerating decision-making. Starting in 2014, this system will gather and accumulate data on equipment failure causes, defect correction terms, and funds spent by the Company on repairs. Furthermore, the accumulated information will be used for implementing the functionality of an add-on system “Reliability, technical condition and operation safety control for power generating company equipment and sites”.

Among the principal directions and goals for 2014 the following can be distinguished – provision for reliable and failure-free operation of the equipment, including during the periods of autumn-winter weather, further development of service maintenance of operating equipment, setting up the maintenance of new steam-gas generating units at the JSC “OGK-2” branches – Cherepovetskaya and Serovskaya GRES, implementation of the “equipment reliability, technical condition and operation safety control” system in the and control system of power generation company, as well as organization of work on scheduling quality improvement, repair preparation and completion.

4. Sales of Electricity and Heat

On the free (non-regulated) electricity market the equilibrium hub price index of JSC "OGK-2" power plants in the First Price Zone throughout 2013 was higher than the 2012 price figures. The average annual DAM sale price in 2013 increased by 10 % and average annual BM sale price increased by 17 % in comparison with 2012.



75,220.3

Electricity sales
million kWh

76,104.8

Revenue from electricity sales
million rubles

16,456

Capacity sales
MW

30,425

Revenue from capacity sales
million rubles

4.1. Information on the Structure of the Electricity Market

The wholesale electricity and capacity market is the primary market for sales of products generated by the Company's branches. In addition to this, the Company supplies electric power, heat, and water to local consumers and industrial enterprises on the retail market, including housing and public utility organizations. Electricity retail markets are a sector for distributing electricity outside the wholesale market with the participation of electricity consumers.

The wholesale electricity and capacity market (hereinafter referred to as the "wholesale market") is the sector for distributing electricity within the Unified Energy System of Russia in the Russian Federation economic area with the participation of major producers and major buyers of electric power that have wholesale market status and operate on the basis of the wholesale market regulations.

The wholesale electricity and capacity market is divided into two price zones: the First Price Zone (Europe and the Urals) and the Second Price Zone (Siberia). The territories of the Russian Federation on which the competitive market cannot operate, for one reason or another, are regarded as non-price zones. Ten JSC "OGK-2" branches: Surgutskaya GRES-1, Ryazanskaya GRES, Stavropolskaya GRES, Novocherkasskaya GRES, Kirishskaya GRES, Troitskaya GRES, Cherepovetskaya GRES, Serovskaya GRES, Pskovskaya GRES and Adlerskaya TPP operate in the First Price Zone and the Krasnoyarskaya GRES-2 operates in the Second Price Zone.

Generating capacity (hereinafter referred to as "capacity") is traded in order to ensure reliable and uninterrupted supply of electricity on the wholesale market. It is a special product, the purchase of which provides market participants with the right to claim availability of generating equipment for power generation of a fixed quality to the amount required to meet the participant's electricity needs, taking into account the necessary reserve.

The wholesale market is a system of contractual relations between participants/entities interconnected by a unified technological process of the generation, transmission, distribution and consumption of electricity in the UES of Russia.

Wholesale market participants are electricity and capacity suppliers and electricity and capacity buyers with the status of a wholesale market entity after having signed the mandatory contracts for a participant in the wholesale market.

The functioning of the wholesale market commercial infrastructure is ensured by the Not-for-Profit Partnership Market Council for Arrangement of the Effective System of Electricity and Capacity Retail and Wholesale Trade (hereinafter "NP Market Council"), established in accordance with the Federal law On electric power.

Responsibility for the arrangement of purchases and sales of electricity on the wholesale market (trade system of the wholesale market) is borne by the Joint-Stock Company Trade System Administrator of the Wholesale Electricity Market (JSC ATS).

The settlement system between the power wholesale market participants is supported by JSC Center of Financial Settlements, a clearing company.

In accordance with Russian Federation Government Decree No. 205, dated April 7, 2007, the process of stage-by-stage liberalization of the electricity market, which started in 2006, was completed in January 2011. From this moment on, the country has had a competitive wholesale market, the sale of electricity and capacity on which is carried out on the basis of free non-regulated prices, except for the amounts of electricity and capacity designated for supply to the population and to their equivalent consumers, for which state rate regulation remains in force.

In 2013, the company traded electricity and capacity on the wholesale market in accordance with the Regulations of the Wholesale Electricity and Capacity Market, which were approved by Russian Federation Government Decree No. 1172, dated December 27, 2010, using the following mechanisms:

4.1.1. Regulated contracts (RC)

Regulated contracts (RC) is the trade of electricity (capacity) at regulated prices

(rates) on the basis of regulated electricity and capacity purchase and sale contracts. Due to the completion of the stage-by-stage liberalization of the electricity market, beginning in 2011, RCs are concluded in the wholesale market price zones only in relation to the amounts of electricity and capacity designated for supply to the population and to their equivalent consumers, as well as to guaranteeing suppliers operating on the territory of the Republics of the North Caucasus, the Tyva Republic and the Republic of Buryatia.

The schedule for registering contracting parties and the delivery schedule for regulated contracts are determined by JSC ATS so that the aggregate cost of base volumes of electricity and capacity established by regulated contracts do not exceed the cost of delivery of base volumes established using indicative prices (rates) of consumers.

4.1.2. Non-regulated electricity market

On the non-regulated electricity market, electricity is traded at free (non-regulated) prices. The non-regulated electricity market has several sectors.

The Day-Ahead Market (DAM) is electricity trade at free (non-regulated) prices determined through the competitive selection of bid prices from contractors submitted twenty-four hours before the commencement of the corresponding supply. The basis of the Day-Ahead Market is the competitive day-ahead bid selection conducted by JSC ATS with determination of hourly equilibrium hub prices and supply (purchase) volumes.

The balancing market (BM) is electricity trade at free (non-regulated) prices determined through competitive selection of bids of suppliers and participants with regulated consumption carried out at least one hour prior to electricity supply for the purposes of forming a balanced electricity output and consumption mode.

4.1.3. Non-regulated capacity market

In 2013, the Company traded capacity on the wholesale market using the following mechanisms:

Competitive capacity outtake (CCO) is capacity traded at free (non-regulated) prices and is determined through competitive outtake of bid prices to sell capacity.

The Company submits bids to sell capacity in order to participate in the competitive outtake of the former with regard to capacity of the generating equipment recorded on the budgeted balance sheet for the corresponding calendar year.

Prices are determined within the free power transfer zones (FPTZ), which allows for the determination of local price signals for capacity purchasers and suppliers.

According to the Regulations of the Wholesale Market, in FPTZ in which the Russian Anti-monopoly Service has detected an insufficient level of competition, CCO is carried out applying the highest capacity price in order to prevent wholesale market participants from manipulating capacity prices.

Based on the results of competitive capacity outtake, a unified (marginal) capacity price is defined for a FPTZ for all suppliers selected in this FPTZ. This price corresponds to the highest of the prices specified in the suppliers' price bids selected for CCO in this FPTZ. Cost of capacity purchased by buyers in this FPTZ on the basis of CCO results is also calculated on the basis of this price.

For generators for which the highest prices were indicated in price bids for CCO, the capacity sales price for CCO is determined by the Federal Tariff Service of the Russian Federation in accordance with the Procedure for Determining Capacity Price for Generating Facilities, for which the Highest Prices in the Price Bids for CCO were Specified, approved by the Russian Federal Tariff Service Order No. 483-e on October 13, 2010. In 2013 the list of the "most expensive" included the JSC "OGK-2" branches - Serovskaya GRES (block No. 8) and Cherepovetskaya GRES (block No. 1).

Purchase and sale contracts and commissions are settled with the unified party – JSC FSC in order to ensure electricity purchase and sales in the CSC.

Non-regulated contracts on capacity (NCC) – electrical power is traded at free (non-regulated) prices on the basis of electricity and capacity purchase and sale contracts, on the condition that the capacity sold under NCC is selected according to CCO.

4.1.4. Capacity supply agreements (CSAs)

Capacity supply agreements (CSAs) are concluded by suppliers established as a result of reorganization of generating subsidiaries of JSC RAO "UES of Russia", with respect to generating facilities that are included in the list of generating facilities for CSAs approved by the Government of the Russian Federation.

On the one hand, CSAs guarantee the obligations of suppliers to fulfill the approved investment program, and on the other hand, they guarantee the payment of capacity of new (renovated) generating facilities.

The term for supplying capacity under a CSA is 10 years. Capacity price under a CSA is specified in the contract on the basis of parameters approved by the Russian Federation's Government.

In 2013 the Company supplied capacity to the following branches of JSC "OGK-2" – Ryazanskaya GRES (GRES-24) (CCGT-420), Kirishskaya GRES (CCGT-800), Adlerskaya TPP (2 CCGT-180) and Novocherkasskaya GRES (STU-300) under a CSA.

4.1.5. Contracts for the sale and purchase of capacity produced at generating facilities that supply capacity in forced mode (CFM)

Contracts for the sale and purchase of capacity produced at generating facilities that supply capacity in forced mode (CFM) are concluded by suppliers that were not selected during CCO and received the status of "must-run generators".

Prices for capacity produced at generating facilities that supply capacity and electricity in forced mode are determined by the Federal Tariff Service of the Russian Federation. The procedure for determining prices for "must-run generators" allows for a part of the cost to be determined by the method of economically viable costs, while all the other costs are included in the rate by way of setting standard parameters for these costs.

In 2013, the JSC "OGK-2" branch - Serovskaya GRES supplied capacity in forced mode.

4.2. Electricity Sales

4.2.1. Physical indicators

The total volume of wholesale market electricity sales in 2013 amounted to 74,007 million kWh, 6,1 % less than the volume of electricity sales in 2012. The total volume of in-house electricity sales

on the wholesale market in 2013 decreased by 6,5 % vs. 2012, which is caused by the reduction in electricity output volumes.

74,007 million kWh
The total volume of wholesale market electricity sales

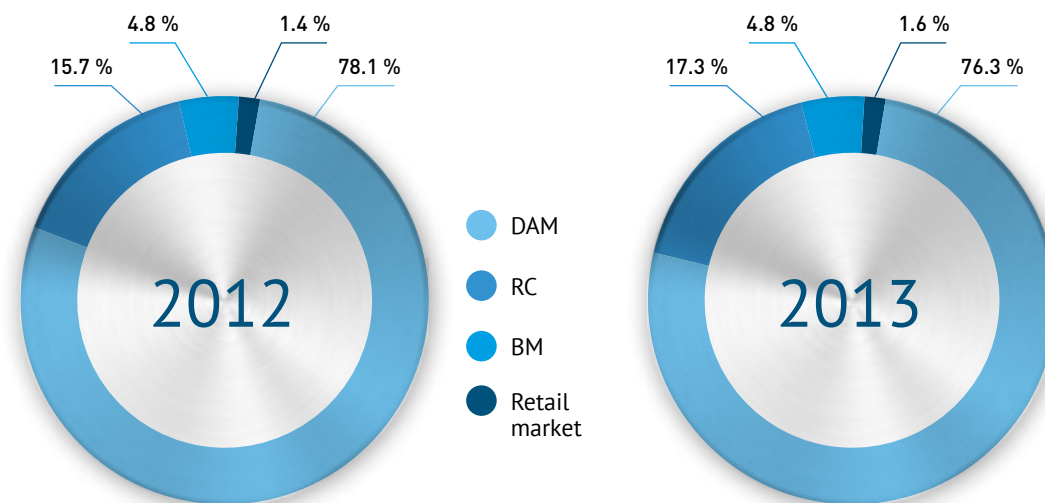
Wholesale electricity sales breakdown in 2012–2013, million kWh

Plant name	Total electricity sales			Total electricity purchases			Total in-house electricity sales		
	2012	2013	change, %	2012	2013	change, %	2012	2013	change, %
Surgutskaya GRES-1	23,707	22,350	(5.7)	1,584	1,416	(10.6)	22,123	20,934	(5.4)
Ryazanskaya GRES	9,106	8,238	(9.5)	1,304	956	(26.7)	7,802	7,282	(6.7)
Kirishskaya GRES	6,478	8,211	26.8	1,916	2,330	21.6	4,562	5,881	28.9
Stavropolskaya GRES	10,687	7,865	(26.4)	699	522	(25.3)	9,988	7,343	(26.5)
Troitskaya GRES	5,010	4,327	(13.6)	1,011	842	(16.7)	3,999	3,485	(12.9)
Novocherkasskaya GRES	9,776	9,931	1.6	843	920	9.1	8,933	9,011	0.9
Krasnoyarskaya GRES-2	7,100	4,968	(30.0)	987	829	(16.0)	6,113	4,139	(32.3)
Cherepovetskaya GRES	2,652	2,863	8.0	297	333	12.1	2,355	2,530	7.4
Serovskaya GRES	2,552	1,994	(21.9)	349	310	(11.2)	2,203	1,684	(23.6)
Pskovskaya GRES	1,739	1,546	(11.1)	171	158	(7.6)	1,568	1,388	(11.5)
Adlerskaya TPP	0	1,714	-	0	279	-	0	1,435	-
Total	78,807	74,007	(6.1)	9,161	8,895	(2.9)	69,646	65,112	(6.5)

Electricity sales volume by sector in 2012–2013, million kWh

Plant name	RC		DAM		BM		Wholesale market, total		Retail market		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	4,016	4,022	19,417	17,935	23,707	22,350	23,707	22,350	0	0	23,707	22,350
Ryazanskaya GRES	1,269	1,731	7,193	5,807	9,106	8,238	9,106	8,238	3.8	3.5	9,109.8	8,241.5
Kirishskaya GRES	756	1,377	5,195	6,445	6,478	8,211	6,478	8,211	1,100.9	1,207.6	7,578.9	9,418.6
Stavropolskaya GRES	1,777	2,020	8,023	5,001	10,687	7,865	10,687	7,865	0	0	10,687	7,865
Troitskaya GRES	1,192	741	3,198	3,141	5,010	4,327	5,010	4,327	0.4	0.5	5,010.4	4,327.5
Novocherkasskaya GRES	1,599	1,185	7,963	8,530	9,776	9,931	9,776	9,931	0	1.1	9,776	9,932.1
Krasnoyarskaya GRES-2	864	704	6,056	4,098	7,100	4,968	7,100	4,968	0.5	0.6	7,100.5	4,968.6
Cherepovetskaya GRES	435	547	1,945	2,095	272	221	2,652	2,863	0	0	2,652	2,863
Serovskaya GRES	429	343	2,010	1,556	113	95	2,552	1,994	0	0	2,552	1,994
Pskovskaya GRES	210	304	1,413	1,142	116	100	1,739	1,546	0	0	1,739	1,546
Adlerskaya TPP	0	0	0	1,644	0	70	0	1,714	0	0	0	1,714
Total	12,547	12,974	62,413	57,394	3,847	3,639	78,807	74,007	1,105.6	1,213.3	79,912.6	75,220.3

Volume of electricity sales



Electricity purchase on the wholesale electricity market by sector in 2012–2013, million kWh

Plant name	DAM		BM		Total	
	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	811	853	773	563	1,584	1,416
Ryazanskaya GRES	591	634	713	322	1,304	956
Kirishskaya GRES	1,535	1,758	381	572	1,916	2,330
Stavropolskaya GRES	417	319	282	203	699	522
Troitskaya GRES	578	517	433	325	1,011	842
Novocherkasskaya GRES	632	653	211	267	843	920
Krasnoyarskaya GRES-2	663	515	324	314	987	829
Cherepovetskaya GRES	196	220	101	113	297	333
Serovskaya GRES	261	229	88	81	349	310
Pskovskaya GRES	124	113	47	45	171	158
Adlerskaya TPP	0	109	0	170	0	279
Total	5,808	5,920	3,353	2,975	9,161	8,895

4.2.2. Electricity prices on the wholesale market

Electricity tariffs

Electricity output tariffs are established each year by Federal Tariff Service Order pursuant to Decree No. 1178 On Price Formation with Regard to Electric Power Prices (Tariffs) passed by the Government of the Russian Federation on December 29, 2011.

Tariffs for 2013 were established by Federal Tariff Service of Russia Order No. 317-e/2 (passed on November 29 2012) On wholesale market participants – electricity (capacity)

producers that supply electricity (capacity) within the wholesale market price zones under contracts concluded in accordance with the laws of the

Russian Federation with guaranteeing suppliers (energy saving companies, energy-selling companies that sell electricity (capacity) to population and/or to their equivalent consumers), in order to provide for the consumption of electricity by population and/or their equivalent consumers, as well as with wholesale

market participants, specified by the Russian Federation Government, which are purchasers of electricity (capacity) operating in certain areas of the wholesale market price zones, for which the Russian Federation Government established specific conditions of operation on wholesale and retail markets for year 2013.

Electricity tariff rates in 2012–2013, in rubles/MWh

Plant name	2012	1 half of 2013	2 half of 2013	Change, %
Surgutskaya GRES-1	587.88	587.88	673.50	14.56
Ryazanskaya GRES	1,077.44	1,077.44	1,197.35	11.13
GRES-24, CCGT-420, CSA	974.05	974.05	1,101.12	13.05
Kirishskaya GRES	1,010.33	1,010.33	1,155.08	14.33
Kirishskaya GRES CCGT		883.83	883.83	
Stavropolskaya GRES	1,053.14	1,053.14	1,211.39	15.03
Troitskaya GRES	624.52	624.52	682.11	9.22
Novocherkasskaya GRES	936.50	936.50	1,072.85	14.56
Krasnoyarskaya GRES-2	401.37	401.37	410.55	2.29
Cherepovetskaya GRES	922.96	922.96	1,038.42	12.51
Serovskaya GRES	992.25	992.25	1,083.93	9.24
Pskovskaya GRES	969.96	969.96	1,122.09	15.68

On the free (non-regulated) electricity market the equilibrium hub price index of JSC “OGK-2” power plants in the First Price Zone throughout 2013 was higher than the 2012 price figures. The average annual DAM sale price in 2013 increased by 10 % and average annual BM sale price increased by 17 % in comparison with 2012.

Actual JSC “OGK-2” electricity sale prices by wholesale market sector in 2012–2013, rubles/MWh

Plant name	Sale price					
	RC		DAM		BM	
	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	588	630	842	879	968	904
Ryazanskaya GRES	1,048	1,125	1,053	1,201	1,071	1,262
Kirishskaya GRES	1,010	961	956	1,048	1,159	1,151
Stavropolskaya GRES	1,053	1,133	1,119	1,293	914	1,366
Troitskaya GRES	625	651	986	1,027	925	892
Novocherkasskaya GRES	937	1,000	1,037	1,157	728	960
Krasnoyarskaya GRES-2	401	407	677	704	472	527
Cherepovetskaya GRES	923	990	1,025	1,146	975	1,100
Serovskaya GRES	992	1,037	1,005	1,058	937	974
Pskovskaya GRES	970	1,051	991	1,151	1,055	1,233
Adlerskaya TPP	0	0	0	1,234	0	1,343
Total	793	868	942	1,034	961	1,122

The average yearly purchase DAM price in 2013 in comparison with 2012 increased by 10 %, and BM price – by 3 %.

Actual JSC “OGK-2” electricity purchase prices by wholesale market sector in 2012–2013, rubles/MWh

Plant name	Purchase price			
	DAM		BM	
	2012	2013	2012	2013
Surgutskaya GRES-1	838	875	699	851
Ryazanskaya GRES	982	1,142	1,120	1,280
Kirishskaya GRES	893	1,007	949	670
Stavropolskaya GRES	1,085	1,248	1,066	1,276
Troitskaya GRES	982	1,049	1,086	1,188
Novocherkasskaya GRES	1,025	1,135	1,152	1,191
Krasnoyarskaya GRES-2	682	693	730	624
Cherepovetskaya GRES	989	1,113	1,111	1,217
Serovskaya GRES	994	1,044	1,087	1,187
Pskovskaya GRES	949	1,097	1,032	1,252
Adlerskaya TPP	0	1,194	0	1 231
Total	916	1016	957	986

4.2.3. Revenue from electricity sales

In 2013, there was a 13 % increase in revenue from electricity sales under RC contracts, which

was caused first, by an increase of RC electricity sales by 3,4 % and second, by an increase of average annual RC tariff by 9,4 %

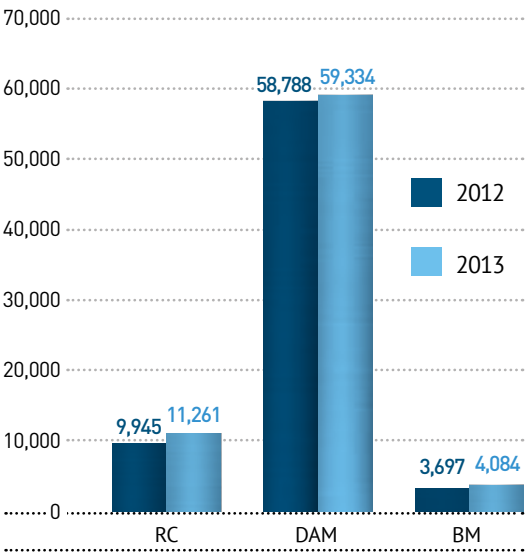
In 2013, there was a 1 % increase in revenue from the sale of electricity on the DAM as compared with analogous figures from the previous year. The reason for the increase was an increase of average annual DAM price by 10 % in comparison with 2012. At the same time the volume of electricity sale on the DAM decreased by 8 %, so no significant increase of DAM revenue occurred.

Also, in 2013 there was a 10 % increase in revenue on the BM electricity sales in comparison with 2012, due to an increase of average annual BM sale price by 17 % in comparison with 2012 and a decrease of BM sale volume by 5 % in 2013 in comparison with 2012.

Amount of revenue from electricity sales in 2012–2013, million rubles (excluding VAT)

Plant	RC		DAM		BM		Wholesale market, total		Retail market		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	2,361	2,533	16,350	15,772	265	355	18,976	18,660	0	0	18,976	18,660
Ryazanskaya GRES	1,330	1,947	7,570	6,976	691	883	9,591	9,806	8.5	9.3	9,599.5	9,815.3
Kirishskaya GRES	763	1,323	4,966	6,753	487	448	6,216	8,524	1,226.4	1,412.3	7,442.4	9,936.3
Stavropolskaya GRES	1,871	2,288	8,980	6,465	1,027	1,153	11,878	9,906	0	0	11,878	9,906
Troitskaya GRES	745	483	3,153	3,225	452	398	4,350	4,106	1.5	1.98	4,351.5	4,107.98
Novocherkasskaya GRES	1,497	1,184	8,254	9,868	196	208	9,947	11,260	0	1.6	9,947	11,261.6
Krasnoyarskaya GRES-2	347	286	4,102	2,885	85	87	4,534	3,258	0.6	0.7	4,534.6	3,258.7
Cherepovetskaya GRES	402	541	1,993	2,402	265	243	2,660	3,186	0	0	2,660	3,186
Serovskaya GRES	425	356	2,019	1,645	106	92	2,550	2,093	0	0	2,550	2,093
Pskovskaya GRES	204	320	1,401	1,314	123	123	1,728	1,757	0	0	1,728	1,757
Adlerskaya TPP	0	0	0	2,029	0	94	0	2,123	0	0	0	2,123
Total	9,945	11,261	58,788	59,334	3,697	4,084	72,430	74,679	1,237	1,425.8	73,667	76,104.8

Change of revenue from electricity sales for 2012-2013



4.3. Capacity Sales

4.3.1. Quantitative capacity sales indicators⁷

⁷ Data no including retail market capacity sales.

16,456 MW were sold in 2013, which is 1 % more than in 2012 due to the launch of Adlerskaya TPP.

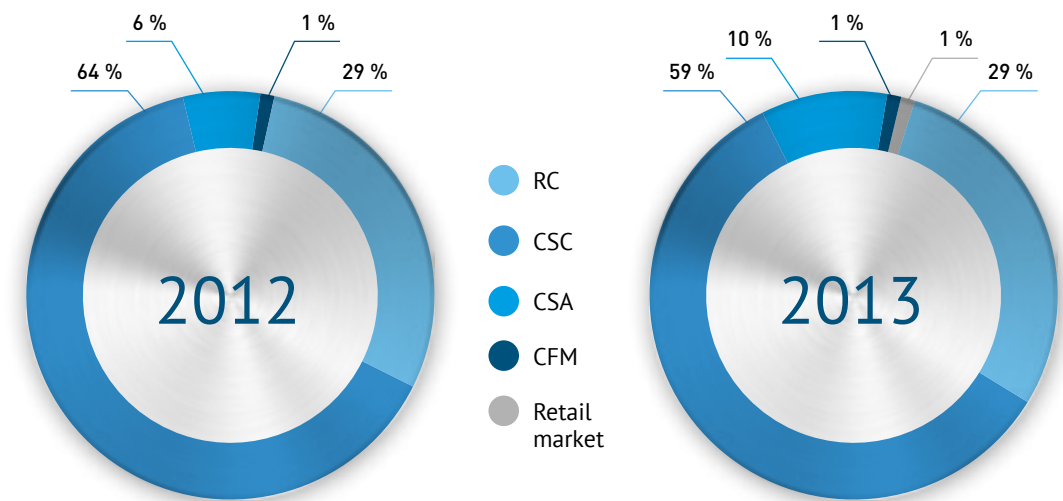
16,456 MW
Capacity sold in 2013

Capacity sales by capacity market sector in 2012–2013, MW per month

Plant name	RC		CSC		CSA		CFM		Retail market		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	955	992	2,154	2,116	0	0	0	0	0	0	3,109	3,108
Ryazanskaya GRES	779	822	1,767	1,718	379	412	0	0	0	0	2,925	2,952
Kirishskaya GRES	445	535	1,066	1,168	643	693	0	0	128	137	2,282	2,533
Stavropolskaya GRES	702	741	1,629	1,600	0	0	0	0	0	0	2,331	2,341
Troitskaya GRES	590	462	895	580	0	0	0	0	0	0	1,485	1,042
Novocherkasskaya GRES	542	477	1,192	1,010	0	275	0	0	0	0	1,734	1,762
Krasnoyarskaya GRES-2	249	299	804	752	0	0	0	0	0	0	1,053	1,051
Cherepovetskaya GRES	184	194	400	377	0	0	0	0	0	0	584	571
Serovskaya GRES	140	147	307	163	0	0	0	122	0	0	447	432
Pskovskaya GRES	124	131	287	279	0	0	0	0	0	0	411	410
Adlerskaya TPP	0	0	0	0	0	254	0	0	0	0	0	254
Total	4,710	4,800	10,501	9,763	1,022	1,634	0	122	128	137	16,361	16,456

An increase of capacity purchase volume in 2013 in the branches of JSC “OGK-2” by 24 % is mainly due to an increase of capacity purchase volume at Kirishskaya GRES by 40 % in comparison with 2012 for selling that capacity at the retail market.

Capacity sales



Capacity purchase by capacity market sector in 2012–2013, MW

Plant name	RC		CSC		CSA		Total	
	2012	2013	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	1.936	3.431	0.202	0.481	0.024	0.037	2.162	3.949
Ryazanskaya GRES	0.982	0.301	0.0	0.04	0	0.020	1.0	0.358
Kirishskaya GRES	74.582	98.937	8.290	15.705	0.267	0.999	83.139	115.641
Stavropolskaya GRES	2.196	0	0.210	0	0	0	2.406	0
Troitskaya GRES	0	0	0	0	0	0	0	0
Novocherkasskaya GRES	3.071	0	0.346	0	0.143	0	3.560	0
Krasnoyarskaya GRES-2	6.937	1.670	0.374	0.052	0.268	0.099	7.579	1.821
Cherepovetskaya GRES	0.288	1.612	0.076	0.207	0	0.100	0.364	1.919
Serovskaya GRES	1.071	0	0.025	0	0.005	0	1.101	0
Pskovskaya GRES	1.243	0.531	0.113	0.068	0.001	0.003	1.357	0.602
Adlerskaya TPP	0	2.542	0	0.356	0	0.095	0	2.993
Total	92.306	109.024	9.676	16.906	0.730	1.353	102.712	127.283

4.3.2. Capacity sale prices

Tariffs for 2013 were established by the Federal Tariff Service of Russia Order No. 317-э/2 (issued on November 29, 2012) On wholesale market participants – electricity (capacity) producers that supply electricity (capacity) within the wholesale market price zones under contracts concluded in accordance with the laws of the Russian Federation with guaranteeing suppliers (energy-saving companies, energy-selling companies that sell electricity (capacity) to population and/or to their

equivalent consumers), in order to provide for the consumption of electricity by population and/or their equivalent consumers, as well as with wholesale market participants, specified by the Russian Federation Government, which are purchasers of electricity (capacity) operating in certain areas of the wholesale market price zones, for which the Russian Federation Government established specific conditions of operation on wholesale and retail markets for the year 2013.

Dynamics of change to capacity prices for 2012–2013, rubles/MW per month

Plant name	RC		CSC		CSA		CFM	
	2012	2013	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	90,371	93,078	121,595	136,185	0.0	0.0	0.0	0.0
Ryazanskaya GRES	93,178	95,803	121,156	135,623	198,927.9	199,872.6	0.0	0.0
Kirishskaya GRES	100,834	104,050	121,717	136,416	315,242.8	372,030.1	0.0	0.0
Stavropolskaya GRES	78,563	80,972	121,035	135,729	0.0	0.0	0.0	0.0
Troitskaya GRES	87,606	90,188	120,484	132,759	0.0	0.0	0.0	0.0
Novocherkasskaya GRES	124,837	128,232	120,666	136,056	0.0	124,538.1	0.0	0.0
Krasnoyarskaya GRES-2	138,464	142,977	150,498	164,450	0.0	0.0	0.0	0.0
Cherepovetskaya GRES	151,435	155,069	121,250	144,341	0.0	0.0	0.0	0.0
Serovskaya GRES	118,404	121,315	122,421	142,127	0.0	0.0	0.0	163,797.1
Pskovskaya GRES	108,997	112,595	121,080	135,006	0.0	0.0	0.0	0.0
Adlerskaya TPP	0	0	0	0	0.0	603,995.8	0.0	0.0
Total	99,934	103,073	123,479	138,407	272,157.7	323,183.4	0.0	163,797.1

4.3.3. Price indicators for capacity sales/purchases

In 2013 the revenue from capacity sales increased by 17 % as compared with analogous figures from the previous year.

The revenue from RC capacity sales increased by 5 %, primarily, due to an increase of RC sales volume by 2 % and secondarily, to an increase of average annual RC tariff for capacity by 3 %.

In 2013 the revenue from CCO sales increased by 4 % as compared with analogous figures from the previous year, due to an increase of CCO capacity sale price in 2013 by 12 % in comparison with 2012. At

the same time the volume of CCO capacity sales decreased by 7 % in comparison with 2012, which lead to no significant increase of CCO sales revenue.

In 2013 the CSA capacity sales increased by 90 % in comparison with 2012, due to the launch of units No. 1 and No. 2 of Adlerskaya TPP and the launch of STU-300 of Novocherkasskaya GRES, as well as to an increase of average CSA price by 19 %.

Also, in 2013 JSC “OGK-2” Serovskaya GRES units TG No. 1, 2 and 4 operated in a “forced mode”, which explains presence of CFM revenue.

Revenue from capacity sales in 2012–2013, million rubles (excluding VAT)

Plant name	RC		CSC		CSA		CFM		Wholesale market total		Retail market total		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	1,035	1,108	3,143	3,458	0	0	0	0	4,178	4,566			4,178	4,566
Ryazanskaya GRES	871	945	2,569	2,796	905	987	0	0	4,345	4,728			4,345	4,728
Kirishskaya GRES	539	668	1,557	1,912	2,437	3,095	0	0	4,533	5,675	1,339	1,694	5,872	7,369
Stavropolskaya GRES	663	720	2,366	2,606	0	0	0	0	3,029	3,326			3,029	3,326
Troitskaya GRES	620	500	1,294	924	0	0	0	0	1,914	1,424			1,914	1,424
Novocherkasskaya GRES	812	734	1,726	1,649	0	411	0	0	2,538	2,794			2,538	2,794
Krasnoyarskaya GRES-2	414	513	1,452	1,484	0	0	0	0	1,866	1,997			1,866	1,997
Cherepovetskaya GRES	334	361	582	653	0	0	0	0	916	1,014			916	1,014
Serovskaya GRES	199	214	451	278	0	0	0	241	650	733			650	733
Pskovskaya GRES	162	177	417	452	0	0	0	0	579	629			579	629
Adlerskaya TPP	0	0	0	0	0	1,845	0	0	0	1,845			0	1,845
Total	5,649	5,940	15,557	16,212	3,342	6,338	0	241	24,548	28,731	1,339	1,694	25,887	30,425

Cost of capacity purchase in 2013 grew by 60 % in comparison with 2012, due to an increase of capacity purchase volume by 24 % and capacity purchase price by 30 %.

Actual capacity purchase cost in 2012–2013, million rubles (excluding VAT)

Plant name	RC		CSC		CSA		Total	
	2012	2013	2012	2013	2012	2013	2012	2013
Surgutskaya GRES-1	3.4	6.6	1.3	3.3	0.3	0.7	5	10.6
Ryazanskaya GRES	1.60	0.50	0.20	0.20	0	0	2	1
Kirishskaya GRES	123.2	193.7	50	106.7	0.4	4.2	173.6	304.6
Stavropolskaya GRES	3.7	0	1.3	0	0	0	5	0
Troitskaya GRES	0.0	0	0	0	0	0	0	0
Novocherkasskaya GRES	4.5	0	2.0	0	1.1	0	7.6	0
Krasnoyarskaya GRES-2	7.5	1.7	1.8	0.6	0.5	0.2	9.8	2.5
Cherepovetskaya GRES	0.4	3.0	0.5	1.3	0	0.1	0.9	4.4
Serovskaya GRES	1.9	0	0.1	0	0	0	2	0
Pskovskaya GRES	1.8	0.9	0.6	0.4	0	0	2.4	1.3
Adlerskaya TPP	0.0	5.0	0	2.5	0	0.3	0	7.8
Total	148.0	211.4	57.8	115.0	2.3	5.5	208.1	331.9

4.4. Heat Supply

6,500.1
thousand Gcal

Supplied under
heat supply
contracts in 2013

The main activity of the branches on the heat market is heat supply to industrial enterprises and housing and public utilities structures.

Heat is sold by the branches using three types of contract:

- hot water supply for heating support;
- hot water supply for domestic needs;
- heat power supply in the form of steam for enter-
prise process needs.

During 2013, the JSC “OGK-2” branches supplied 6,500.1 thousand Gcal of heat energy under heat supply contracts. All contractual obligations were fulfilled in compliance with the terms and conditions of contracts without any failures to meet supply schedules and maintain heat carrier temperatures.

Kirishskaya GRES

Kirishskaya GRES accounts for more than 43 % of the total volume of heat produced by JSC “OGK-2”plants. This is conditioned by the industrial infrastructure of Kirishi, in particular, the industrial, construction and agricultural enterprises in Kirishi, which are supplied with heat energy and water from Kirishskaya GRES under direct agreements. Besides this, the plant provides the Kirishi town with hot water for heating and water supply systems through the municipal housing and public utilities infrastructure.

Surgutskaya GRES-1

Surgutskaya GRES-1 supplies heat energy in the form of hot water and steam. The main consumers are OJSC Ural Heat Distribution Company, which accounts for 95 % of the total volume of heat energy supplied by the plant.

Krasnoyarskaya GRES-2

Krasnoyarskaya GRES-2 supplies over 99 % of heat to a municipal enterprise (Teplovye Seti Municipal Unitary Enterprise) which is a wholesale buyer and resells heat to municipal

housing and public utilities enterprises in Zele-
nogorsk. The branch also supplies an insignificant
amount of heat to industrial enterprises located
near the site of Krasnoyarskaya GRES-2.

Troitskaya GRES

Troitskaya GRES is the only heat supplier for the village surrounding the plant and for the central part of Troitsk. The plant's share on the heat energy market of Troitsk is 85 %. The plant supplies heat to CJSC Troitsk Energy Systems and CJSC Troitsk Energy Company, which are wholesale purchasers and re-
sellers of heat energy. These companies supply 60 %
and 85 % of heat to the population respectively.

Ryazanskaya GRES

Ryazanskaya GRES is the major enterprise of Novomichurinsk. Ryazanskaya GRES supplies and sells heat energy to industrial enterprises and heat energy and hot water to Novomichurinskoe Municipal Housing and Public Utilities Enterprise (Novomichurinskoe Utilities) which is a wholesale buyer and reseller, as well as to residents living in private houses, supplying 95 % to the population. The main heating system that has been transferred from the Novomichurinskoe Municipal Housing and Public Utilities Enterprise is on the balance of Ryazanskaya GRES.

Cherepovetskaya GRES

Cherepovetskaya GRES is the major enterprise of Kadui settlement, Vologda Region. The plant sells heat energy and hot water to industrial enterprises as well as heat energy and hot water to the settle-
ment's inhabitants. The major wholesale buyer and
reseller is LLC TransResource, which is an organiza-
tion supplying heat to consumers and maintaining
leased municipal heating systems.

The Cherepovetskaya GRES is responsible for
maintaining part of main thermal power system
in Kadui settlement.

Serovskaya GRES

Serovskaya GRES is the only heat supplier for the inhabitants of the Energetikov settlement in the city of Serov. The major consumer of the heat energy supplied by the plant is CJSC Serovenergo, which supplies 84.6 % of the heat energy to the population. Part of main thermal power system from GRES to Energetikov settlement is owned and maintained by the branch.

Novocherkasskaya GRES

Novocherkasskaya GRES is the major enterprise in the Donskoi settlement. Large-scale consumers of heat energy generated by GRES are condomin-
ium partnerships, state organizations, individual
entrepreneurs and population. In August 2013 direct
contracts with population of Donskoi settlement
have been concluded. Share of direct contract sup-
ply is 55 %.

Heat power networks of Donskoi settlement are on
the balance of Novocherkasskaya GRES.

Pskovskaya GRES

Pskovskaya GRES is the only heat supplier for the in-
habitants of the Energetikov microdistrict in the De-
dovichi settlement. The main consumer of the heat
energy supplied by the plant (78 %) is the Municipal
Housing and Public Utilities Enterprise of the De-
dovichi district, which is a wholesale purchaser and
reseller with 80 % share of supply to the population.

All of the main heating systems as well as a large
part of the microdistrict's internal heating systems
(around 60 % of the total spread) are on the balance
of the JSC “OGK-2” branch - Pskovskaya GRES.

Stavropolskaya GRES

Stavropolskaya GRES is the only heat supplier for
the inhabitants of the Solnechnodolsk settlement,
Stavropol Territory. The main consumer of heat
energy in the Solnechnodolsk settlement is CJSC
SKS, which supplies 90 % of heat to the population.
Share of other consumers is 16 % of the branch's
productive heat supply. The main heating systems as
well as a large part of the internal heating systems
are on the balance of the branch.

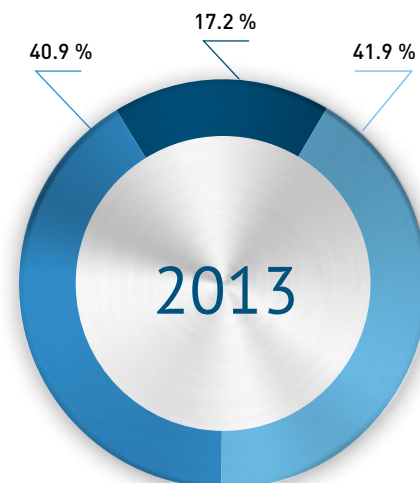
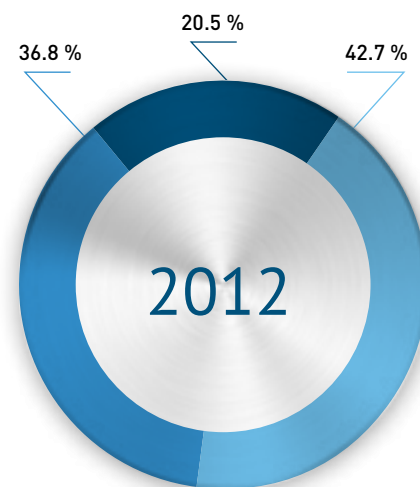
Adlerskaya TPP

Commissioned in January 2013, the Adlerskaya TPP
provides heat supply to Olympic facilities located in the
Imeretinskaya Lowland (90 % of productive heat supply)
as well as the population of Blinovo microdistrict.

Productive heat supply and breakdown by consumer in 2012–2013, thousands of Gcal

Plant name	2012		2013	
	Heat supplied, thousand Gcal/year	Share of total supply, %	Heat supplied, thousand Gcal/year	Share of total supply, %
Surgutskaya GRES-1	1,455.5	24.0	1,589.7	24.5
Ryazanskaya GRES	150.3	2.5	149.9	2.3
Kirishskaya GRES	2,661.1	44.0	3,045.9	46.9
Stavropolskaya GRES	58.7	1.0	54.6	0.8
Troitskaya GRES	394.1	6.5	341.1	5.2
Novocherkasskaya GRES	58.6	1.0	57.3	0.9
Krasnoyarskaya GRES-2	1,046.3	17.3	971.3	14.9
Cherepovetskaya GRES	98.8	1.6	97.8	1.5
Serovskaya GRES	78.7	1.3	78.2	1.2
Pskovskaya GRES	50.0	0.8	47.1	0.7
Adlerskaya TPP	—	—	67.2	1.0
Total	6,052.2	100	6,500.1	100

Structure of heat consumers of JSC "OGK-2" in 2012-2013



- Housing & public utilities
- Industrial
- Others

Dynamics of heat tariffs 2012-2013, rubles/GCal

Plant name	2012	2013	Change, %
Surgutskaya GRES-1	328.10	365.81	111.5
Ryazanskaya GRES	734.02	869.45	118.5
Kirishskaya GRES	718.49	802.29	111.7
Stavropolskaya GRES	768.53	1,034.14	134.6
Troitskaya GRES	520.40	569.69	109.5
Novocherkasskaya GRES	1,290.49	1,490.02	115.5
Krasnoyarskaya GRES-2	439.45	478.51	108.9
Cherepovetskaya GRES	798.21	830.50	104.0
Serovskaya GRES	619.69	674.84	108.9
Pskovskaya GRES	868.69	942.58	108.5
Adlerskaya TPP	—	1,024.52	—
Total for OGK-2	571.13	646.72	113.2

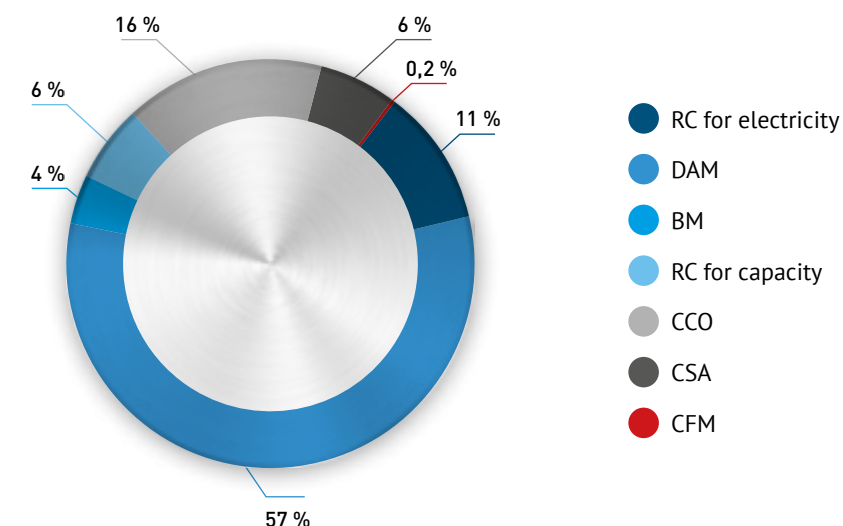
Revenue dynamics of heat sales 2012-2013, million rubles

Plant name	2012	2013
Surgutskaya GRES-1	487	582
Ryazanskaya GRES	110	130
Kirishskaya GRES	1,912	2,444
Stavropolskaya GRES	45	57
Troitskaya GRES	205	194
Novocherkasskaya GRES	76	85
Krasnoyarskaya GRES-2	460	465
Cherepovetskaya GRES	79	81
Serovskaya GRES	49	53
Pskovskaya GRES	43	44
Adlerskaya TPP		69
Total for OGK-2	3,466	4,204

4.5. Electricity and Capacity Wholesale Revenue Structure

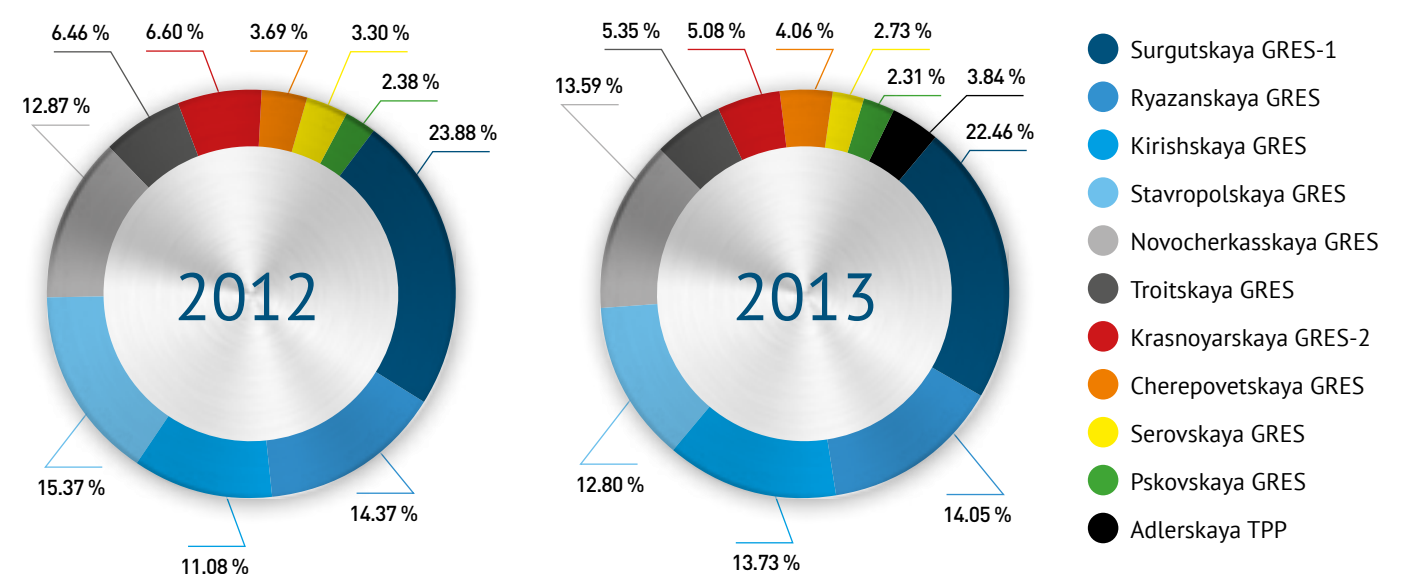
The majority of JSC "OGK-2's" revenue comes from electricity (72 %) and capacity sales (23 %). The more electricity is sold, the greater its share in the revenue structure is, since the payment for capacity remains more or less stable.

Structure of electricity and capacity sales revenues on the wholesale market in 2013⁸



⁸Data not including retail market sales revenue

Structure of electricity and capacity sales revenues on the wholesale market in 2012-2013



5. Investment Activities

JSC “OGK-2” is carrying out investment activity along the following lines:

- carrying out priority investment projects that are part of the Capacity Supply Agreement (CSA);
- updating the existing industrial facilities and new construction.

20,867.7

Volume
of investments
in 2013
million
rubles

3,210

Increase
of capacity
in 2013
MW

JSC “OGK-2” is carrying out investment activity along the following lines:

- carrying out priority investment projects that are part of the Capacity Supply Agreement (CSA);
- updating the existing industrial facilities and new construction.

5.1. Priority Projects (CSA Subjects)

In 2013, JSC “OGK-2” performed work on the following priority investment projects which are part of CSAs:

Priority Investment Projects

Project	Deadlines	Increase of capacity (MW)	Expected project cost (million rubles, incl. VAT)	Time of capacity delivery beginning	Financed* (million rubles, incl. VAT)	Drawn on project (million rubles, excl. VAT)	Financed (million rubles, incl. VAT)		
							2012	2013	2014 (forecast)
Facility No. 1 (CCGT Unit-800). Kirishskaya GRES	Q1 2012	540	21,012.42	25.01.2012	21,012.42	18,048.74	2,253.54	123.65	0.00
Facility No. 2 (STU-330). Novocherkasskaya GRES	Q4 2015	330	24,308.20	01.12.2015	19,158.37	16,490.96	2,557.81	4,397.99	3,798.01
Facility No. 5 (STU-330). Ryazanskaya GRES	Q4 2014	60	6,210.31	01.01.2015	3,446.01	3,215.04	616.80	864.74	2,484.76
Facility No. 1 (STU-660). Troitskaya GRES	Q4 2014	660	46,909.54	01.01.2015	29,077.16	14,305.01	4,017.56	6,166.57	12,144.98
Facility No. 2 (CCGT Unit-420). Serovskaya GRES	Q4 2014	420	20,797.24	01.01.2015	14,912.58	11,541.58	2,237.42	4,335.23	5,624.16
Facility No. 3 (CCGT Unit-420). Stavropolskaya GRES	Q4 2017	420	18,730.34	01.12.2017	3,836.45	428.15	0.29	2,532.53	770.00
Facility No. 4 (CCGT Unit-420). Cherepovetskaya GRES **	Q4 2014	420	20,915.03	30.11.2014	11,772.74	13,393.88	3,368.45	7,455.44	9,538.03
Facility No. 4,5 (2* CCGT Unit-180). Adlerskaya TPP.**	Q4 2012	360	23,266.59	01.02.2013	22,852.95	19,619.74	3,382.96	3,977.96	298.34
Total for the investment program		3,210	182,149.67		126,068.68	97,043.10	18,434.83	29,854.12	34,658.29

* As of 31.12.2013 taking into account capitalized percent.

** Projects are financed by external investors.

Completed Projects:

Addition of a Gas Turbine to GRES-24 Steam Turbine Plant No. 1, 310 MW (CCGT Unit-420)

During the 2008–2010 period, a 310 MW gas turbine was added to the steam turbine unit.

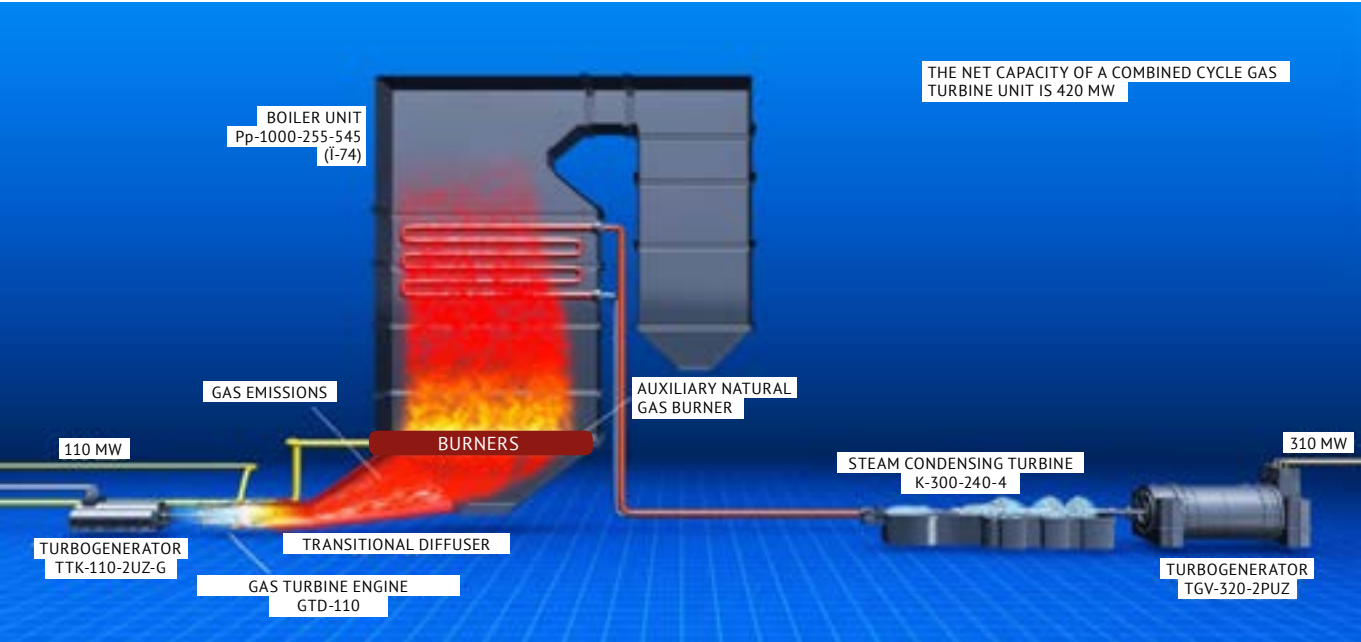
The following activities were performed during the execution of the project.

- Installation of a GTE-110 gas turbine engine produced by JSC NPO Saturn in a set with a TTK-110-2U3-G type generator;
- Reconstruction of a P-74 boiler unit, including installation of a GTE diffuser for the disposal of exhaust gasses in the furnace of the existing P-74 boiler, construction of a gas heater-condenser (GHC), installation of a furnace for burning-off additional gas.

Key technical and economic performance indicators of the project

Aspect	Indicators per year
Number of hours of installed capacity use (h)	5,500
Installed electric capacity (MW)	420
Production of electricity (million kWh)	2,310
Consumption for own needs (%)	4.01
Productive electricity supply (million kWh)	2,217.3
Specific consumption of the equivalent fuel for supplied electricity output (g/kWh)	300.0

Schematic diagram of the CCGTU-420 combined cycle gas turbine unit at GRES-24



After the reconstruction, which added another 110 MW of capacity, the installed capacity was 420 MW.

The unit was commissioned during the second quarter of 2010.

Modernization of the Condensing Section of Kirishskaya GRES on the Basis of Combined Cycle Technology, Unit No. 6 (CCGT Unit-800)

Construction of the unit was carried out from May 2008 to January 2012 (45 months).

The following activities were performed during the execution of the project:

- Construction of the CCGTU-800 building on the temporary end of the main building of the Kirishskaya GRES and the installation of two SGT5-PAC4000F gas turbine units manufactured by Siemens and two three-circuit utilizing boilers (UB) manufactured by OJSC EMALians;
- Modernization of the K-300-240-1 steam turbine (OJSC Silovye Mashiny) at energy unit No. 6,242 MW;
- Construction of a gas supplying pipeline with a gas preparation point (GPP) and a gas heating unit;
- Expansion of the 330 kW open switchgear by 4 compartments.

Schematic diagram of the CCGTU-800 combined cycle gas turbine unit at Kirishskaya GRES



The installed capacity after the reconstruction is 775 MW, the available capacity is 802.515 MW. Special consumption of equivalent fuel was reduced from 324 g/kWh to 221 g/kWh, efficiency grew from 38 % to 55 %.

Adlerskaya TPP. Construction of 2 Energy Units (2 x CCGTU-180 MW) at Adlerskaya TPP

Construction of Adlerskaya TPP was completed, commissioning operations were performed. On December 26, 2012 the Ministry of regional development gave out permission No. RU23309000-137 to commissioning of the facility "Adlerskaya TPP (project and exploration works, construction)".

Key technical and economic performance indicators of the project

Aspect	Indicators per year
Number of hours of installed capacity use (h)	6,500
Installed electric capacity (MW)	378
Heat capacity (Gcal/h)	227.8
Annual electricity output at the TPP (million kWh)	2,457
Annual heat output at the TPP (thousand Gcal)	644.6
Electricity consumption for own needs (%)	5.6
Heat consumption for own needs (%)	0.36
Annual electricity supply (million kWh)	2,319.4
Annual heat supply (thousand Gcal)	642.3
Specific consumption of the equivalent fuel for supplied electricity output (g/kWh)	226.4
Specific consumption of the equivalent fuel for supplied heat generation (kg/Gcal)	154.4

Layout of the Adlerskaya TPP construction projects



As of 01.02.2013 Adlerskaya TPP is the power market entity, certified by JSC SO UPS with the following parameters:

- installed capacity – 351 MW;
- available capacity – 360 MW;
- lower range value – 194 MW;
- load increase rate – 12,6 MW/min.;
- load dropping rate – 15,8 MW/min.

The unit was commissioned in 4th quarter 2012 according to CSA terms.

Reconstruction of Energy Unit No. 7 at Novocherkasskaya GRES with an Increase of Installed Capacity to 300 MW

Construction of the unit was performed since January, 2011 to November, 2012.

In the process of modernization of the energy unit the following works were performed:

- replacement of the generator with excitation system;
- replacement of the turbine's low pressure cylinder.

Key technical and economic performance indicators of the project

Aspect	Indicators per year
Installed electric capacity (MW)	300
Available capacity, MW	310.37
Lower range value, MW	210
Load increase rate MW/min	1.7
Load dropping rate MW/min	1.7

Reconstructed Energy Unit No. 7 at Novocherkasskaya GRES



Following modernization the Specific consumption of the equivalent fuel for supplied electricity output fell from 345,12 g/kWh to 342,2 g/kWh.

The unit was commissioned in 4th quarter 2012 according to CSA terms.

In-Progress Projects

Serovskaya GRES. Construction of Energy Units for Plants No. 9, 10 (CCGT Unit-420) and Allocation of the First Starting Complex – Energy Unit of Plant No. 9

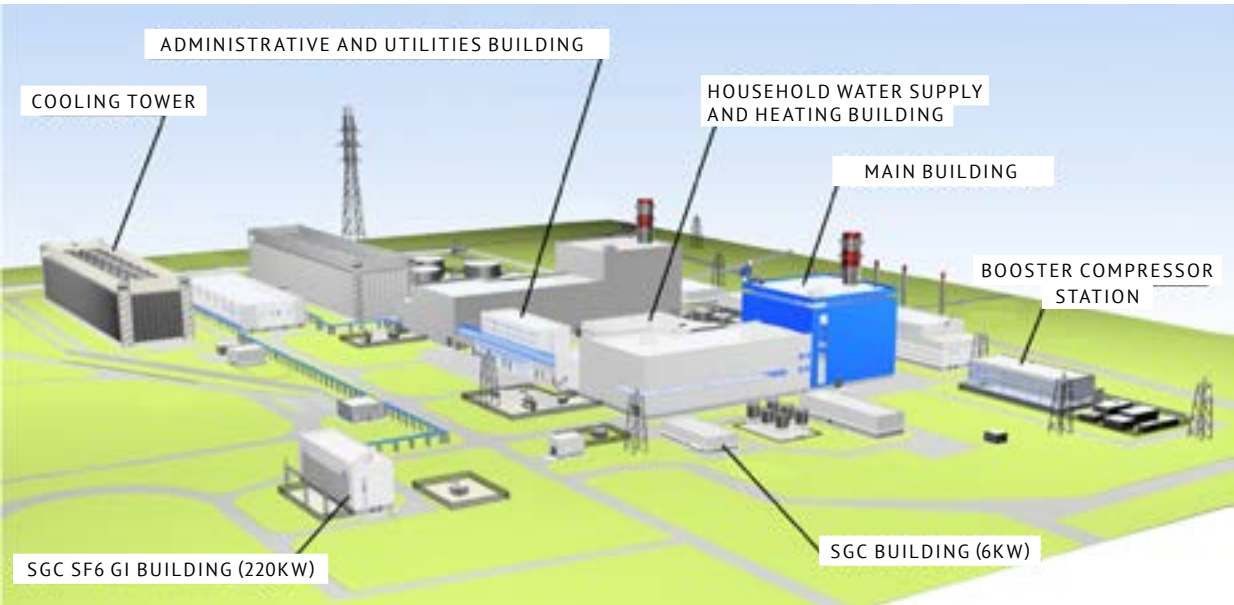
Project “Serovskaya GRES. Construction of Energy Units for Plants No. 9, 10 (CCGT Unit-420) and Allocation of the First Starting Complex - Energy Unit at Plant No. 9” is aimed at covering the electricity deficit in the Se-rovo-Bogoslovsky energy hub. Project implementation includes the development and approval of project documentation, the manufacture and delivery of primary and secondary equipment, and the construction, installation, commissioning, and adjustment work for the two newly installed combined-cycle energy units.

The project provides for the installation of a single-shaft condensation unit CCGTU-420 on the basis of SIEMENS equipment. The project includes: construction of detached buildings and structures to support the technological process, including the construction of the main building, erection of a gas preparation point with booster compressors, construction of a cooling tower, a gas fuel system, a water preparation building and a building with a switchgear complex with SF6 gas insulation (SGC SF6 GI – 220 kW), all on the site of the complex.

Key technical and economic performance indicators of the project

Aspect	Indicators per year
Number of hours of installed capacity use (h)	5,955.95
Installed electric capacity (MW)	420
Production of electricity (million kWh)	2,498.5
Consumption for own needs (%)	5.5
Productive electricity supply (million kWh)	2,361.96
Specific consumption of the equivalent fuel for supplied electricity output (g/kWh)	229.4

Layout of construction project



In 2013 equipment installation works were performed at the following basic and auxiliary facilities: Main Building No. 1 with the gallery, the Administrative and Utilities Building, fire-prevention pump station, fire-prevention tanks, emergency diesel fuel handling facilities, gas fuel handling facilities, the chemical water purification building, Booster Compressor Station Building.

Installation of waste-heat recovery unit and chimney is 98 % completed. SIEMENS equipment installation on the basements were performed, piping by auxiliary pipelines is in progress. Installation of the dry ventilating cooling tower is 40 % completed. The block transformer and auxiliary transformers are installed in design position. Works on creation of the on-site grids are finished.

Commissioning of the unit is scheduled in 4th quarter 2014 according to CSA terms.

Stavropolskaya GRES. Construction of an Energy Unit for CCGTU-420 (Plant No. 9)

In 2013 project documentation of construction of an Energy unit CCGTU-420 (No. 9) was adjusted and forwarded for re-examination to FGU Glavgosekspertiza of Russia. In the course of 2013 JSC OGK-2 was negotiating with the Ministry of Energy of the Russian Federation on transfer of CSA subject construction site from Stavropolskaya GRES

to Serovskaya GRES. In accordance with Decree No. 178-p of the Government of Russia as of February 11, 2014, the construction site for the investment project "Facility No. 3 (CCGTU-420). Premises of Stavropolskaya GRES" has been transferred from Stavropolskaya GRES to Serovskaya GRES; the facility is to be commissioned in the fourth quarter of 2017.

Construction of Energy Unit No. 4 at the Cherepovetskaya GRES on the Basis of Combined Cycle Technology, Unit No. 4 (420 MW)

The project investor is LLC OGK-Investproekt. Commissioning of energy unit No. 4 of CCGTU-420 at the Cherepovetskaya GRES will make the plant more competitive on the electricity market, will improve the plant's economic indicators due to a reduction in specific fuel consumption and an increase in electricity output, and will help to diversify the use of fuel at the plant.

The project includes: construction of a complex of detached buildings and structures that support the technological process, including the construction of the main building, on the site of the branch and also the erection of a gas preparation point with booster compressors, construction of cooling towers, a gas fuel system, a water preparation building and a building with a switchgear complex with SF6 gas insulation (SGC SF6 GI – 220 kV).

Key technical and economic performance indicators of the project

Aspect	Indicators per year
Number of hours of installed capacity use (h)	5,455
Installed electric capacity (MW)	420
Production of electricity (million kWh)	2,291
Consumption for own needs (%)	3.5
Productive electricity supply (million kWh)	2,210.9
Specific consumption of the equivalent fuel for supplied electricity output (g/kWh)	220.1

Layout of construction projects



As of 31.12.2013 installation of all main facilities of the Energy unit is completed, preparation for commissioning operations is being performed.

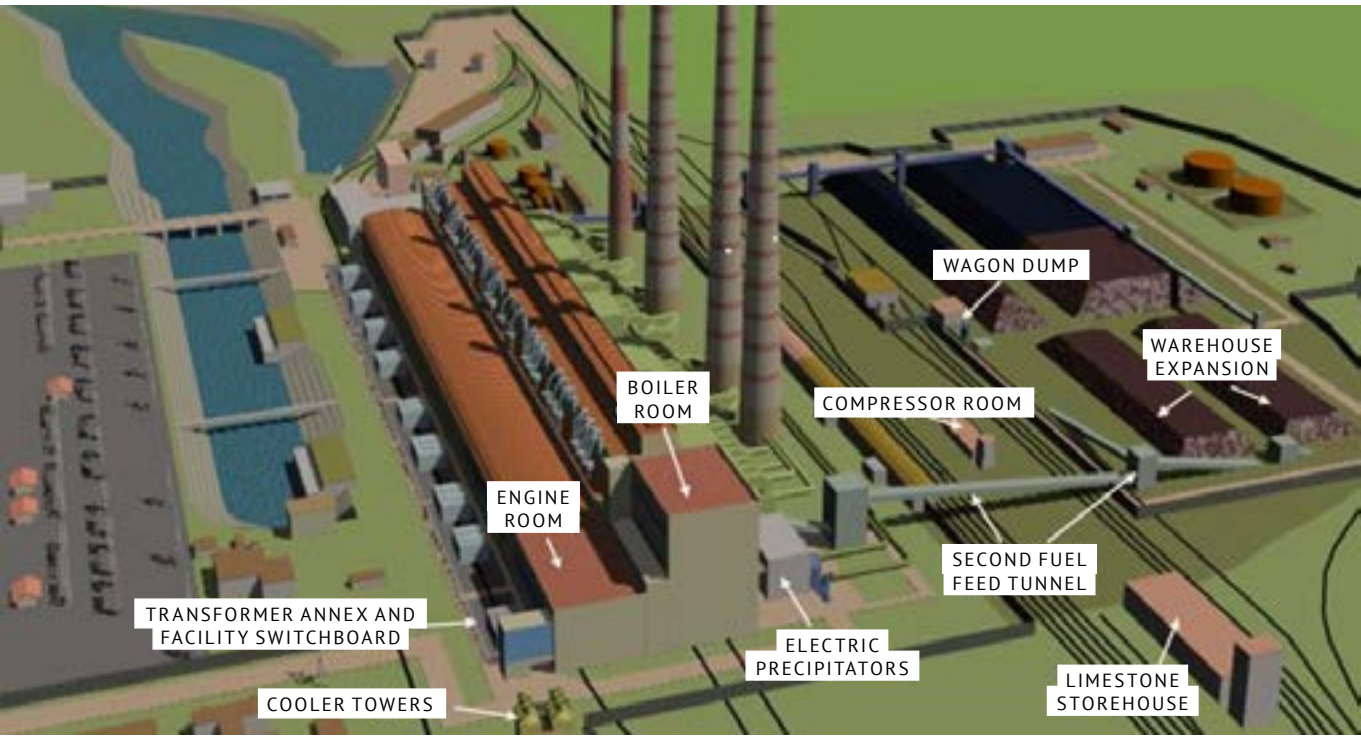
Commissioning of the unit is scheduled in 4th quarter 2014 according to CSA terms.

Construction of Energy Unit No. 9 using CFB Technology at the Novocherkasskaya GRES, Unit No. 9 (330 MW)

Implementation of this project will make Novocherkasskaya GRES more competitive on the electricity and capacity market and will improve the plant's economic indicators due to reduced specific fuel consumption and increased electricity output.

The project includes: on-site construction of the complex of detached buildings and structures which support the technological process, including enlarging the main building at the temporary end and enlarging the coal warehouse, as well as building additional technological infrastructure for the plant, including construction of cooling towers and new fuel feed tunnels.

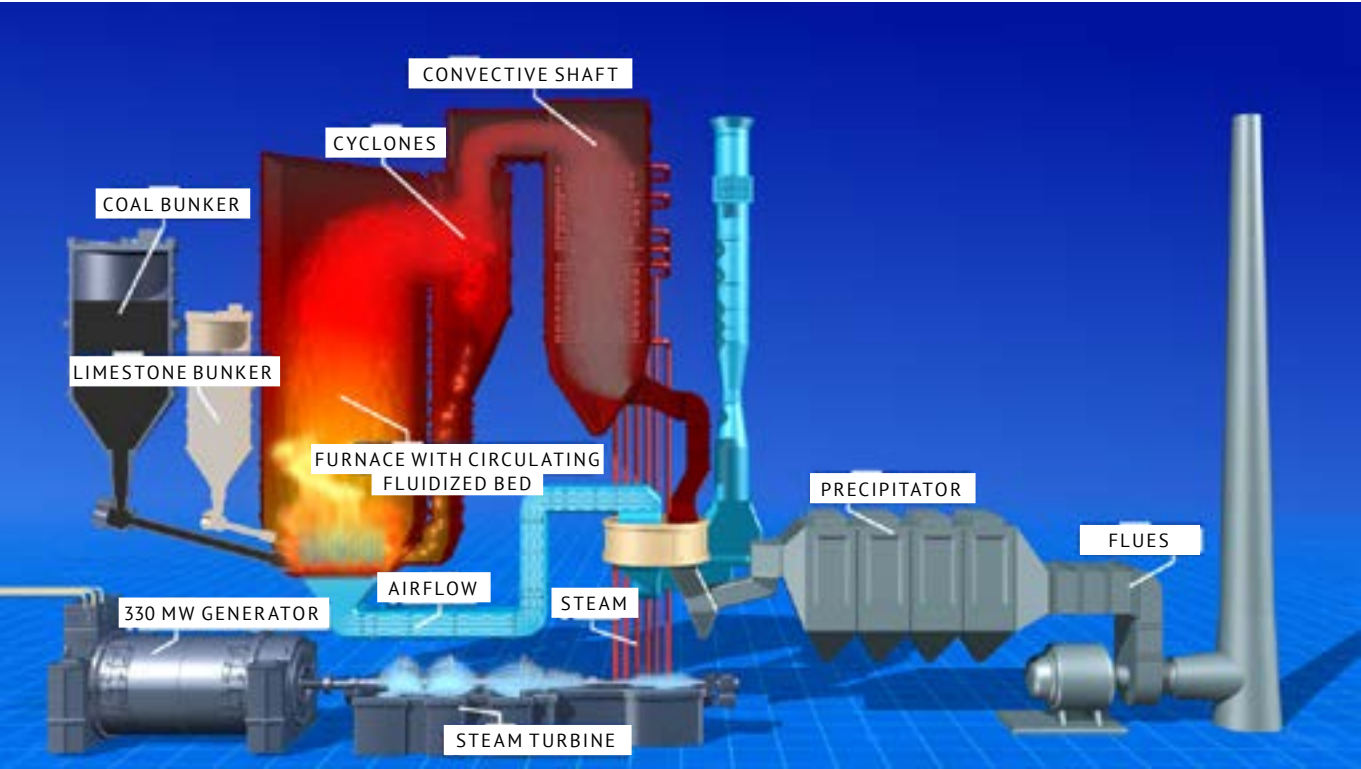
Layout of construction projects



Primary schematic diagram for a boiler with a circulating fluidized bed: the material of the bed is brought to the suspension state (so called "fluidized bed") by blowing air through the substance of the bed placed on a lattice/ air distributor. At high air speeds the bed expands and some particles of the bed along with the unburned fuel particles are carried away from the bed by the

departing gas. The largest of the carried away particles are separated by a cyclone and returned to the fluidized bed resulting in the most complete fuel consumption possible. The velocity of the air is approximately 5 m/s. Fuel is burned at a base temperature of 850–900 °C, as opposed to 1,600 °C in usual coal-dust boilers, which allows for a sharp reduction in NOx emissions.

Schematic Diagram of the Power Unit



Key technical and economic performance indicators of the project

Aspect	Indicators per year
Number of hours of installed capacity use (h)	6,500
Installed electric capacity (MW)	330
Production of electricity (million kWh)	2,145
Consumption for own needs (%)	7.6
Productive electricity supply (million kWh)	1,981.3
Specific consumption of the equivalent fuel for supplied electricity output (g/kWh)	308.1

As of 31.12.2013 the general contractor concluded 90 % of contracts for delivery of service equipment and subcontracts. Basic equipment is 100 % delivered to the site. Design and budget documentation is 75 % issued. Installation of boiler with CFBC is in progress (70 % installed). Installed: boiler service equipment (60 %), electric precipitators (95 %), turbine regeneration system, feed pumps. Generator, block transformer, auxiliary transformers are installed into design position. Works at fuel feeding facilities, calcareous facilities, ventilation cooler towers are deployed.

Commissioning of the unit is scheduled in 4th quarter 2015 according to CSA terms taking notification into account.

Troitskaya GRES. Construction of Energy Units for STU-660 (Plants No. 10, 11) and Allocation of the First Starting Complex – Energy Unit at Plant No. 10

This project, once implemented, will make Troitskaya GRES more competitive on the electricity and capacity market and will improve the plant's economic indicators due to reduced specific fuel consumption and increased electricity output.

The project provides for the construction of a coal dust power unit (plant No. 10 – starting complex No. 1) with an installed unit capacity of 660 MW, and the infrastructure of starting complex No. 2 (plant No. 11), which is technologically connected with the construction of starting complex No. 1.



Key technical and economic performance indicators of the project

Aspect	Indicators per year
Number of hours of installed capacity use (h)	7,000
Installed electric capacity (MW)	660
Production of electricity (million kWh)	4,620
Consumption for own needs (million kWh)	231
Annual electricity supply (million kWh)	4,389
Specific consumption of the equivalent fuel for supplied electricity output (g/kWh)	292

As of December 31, 2013 construction works within the signed general contractor agreement including development project and engineering documentation, equipment delivery, installation and construction works, are in progress.

Construction works at the Cooling tower (160 m), chimney (245 m), Water processing building, Household Water Supply and Heating Building are completed. Installation of boiler is about 98 % completed, the steam turbine, the generator are put into design position. The piping by auxiliary pipelines is in progress. Construction works at the fuel feeding, desulphurization, gas purification facilities began. Construction of service water systems is in progress. Within realization of power grid connection specifications the replacement of the SWYD-220 kV equipment is in progress. Delivery of auxiliary equipment is in progress.

Commissioning of the unit is scheduled to the 2nd quarter 2015 according to CSA terms.

Reconstruction of Energy Unity No. 2 (270 MW) at the Ryazanskaya GRES with Replacement of Basic Equipment

This project, once implemented, will make Ryazanskaya GRES more competitive on the electricity and capacity market and will improve the plant's economic indicators due to reduced specific fuel consumption and increased

electricity output. The unit has developed a park and individual resource of primary nodes and has low efficiency and reliability indicators. There are plans for a thorough modernization and increased installed capacity.

Reconstruction of Energy Unit No. 2 at the Ryazanskaya GRES



The project includes: replacement of the complex's turbo-unit with a turbo-generator, reconstruction of the boiler unit with revised project indicators and the partial replacement and modernization of auxiliary equipment.

Key technical and economic performance indicators of the project

Aspect	Indicators per year
Number of hours of installed capacity use (h)	6,500
Installed electric capacity (MW)	330
Production of electricity (million kWh)	2,145
Consumption for own needs (million kWh)	13.5
Annual electricity supply (million kWh)	1,855.4
Specific consumption of the equivalent fuel for supplied electricity output (g/kWh)	328.0

In 2013 the K-330-23,5-2P steam turbine with the condenser and generator was installed into design position. Piping by intra turbine pipelines, installation of turbine regeneration system and lubrication system are in progress. Installation of feed and condensate pumps was performed. The old boiler unit was dismantled, delivery of new elements of boiler (40 %) began. The service electrical equipment is bought. Installation of the boiler unit began.

Commissioning of the unit is scheduled in 4th quarter 2014 according to CSA terms.

5.2. Technical Reequipment and Modernization of the Existing Facilities

The Company also implements projects that are not included in the CSAs and are aimed at maintaining the existing operational security, availability and safety of the generating equipment and infrastructure of the power plants (projects of technical re-equipment and modernization - TR&M).

According to the investment program for 2013, the Company was expected to use capital investments to the amount of 2,108,704.5 thousand rubles (excluding VAT) and financing to the amount of 2,546,104.2 thousand rubles (including VAT) for TR&M projects. In 2013, 2,406,403.92 thousand rubles of capital investments (114.1 %) and 1,840,777.4 thousand rubles (72.3 %) of financing were actually used.

Fulfillment of the program for technical re-equipment and modernization of the existing facilities of JSC "OGK-2" in 2012–2013, thousand rubles.

Branch	2012		2013	
	Implemented, excl. VAT	Financed, incl. VAT	Implemented, excl. VAT	Financed, incl. VAT
Surgutskaya GRES-1	195,584.6	166,935.4	125,347.8	237,916.0
Ryazanskaya GRES	179,593.8	240,191.3	81,825.7	102,675.1
Kirishskaya GRES	281,017.2	307,966.3	61,778.0	59,862.4
Stavropolskaya GRES	150,308.6	122,386.7	112,028.3	59,317.9
Troitskaya GRES	471,878.3	1,468,696.7	845,503.1	708,107.5
Novocherkasskaya GRES	342,540.5	381,747.0	193,309.8	246,662.7
Krasnoyarskaya GRES-2	296,835.3	424,401.7	186,870.4	196,396.3
Cherepovetskaya GRES	72,011.0	69,719.2	49,642.5	46,410.8
Serovskaya GRES	344,947.0	359,287.5	15,566.4	96,294.4
Pskovskaya GRES	36,051.1	42,393.3	15,248.1	17,921.4
Adlerskaya TPP	99.9	0.0	7,962.2	8,314.2
Executive office	12,351.3	16,143.0	711,321.5	60,898.7
Total	2,383,218.6	3,599,868.1	2,406,403.9	1,840,777.4

The overall implementation level of TR&M investment program throughout JSC “OGK-2” amounted to 114.1 %.

The major projects completed in 2013 in accordance with the program for the technical re-equipment and modernization include the following:

- The “Gas supply reconstruction at bl. No. 13” Project at Surgutskaya GRES-1 within the framework of which the gas supply system of the block No. 13 using CPCS burners was reconstructed in order to increase overall performance of boiler;
- The “Reconstruction of circulating water pipeline at block No. 2” Project at the Ryazanskaya GRES within the framework of which sanitation of circulating water pipeline was made in order to increase tightness and reliability of their operation;
- The “Reconstruction of circulation pump at the block No. 2” Project at Novocherkasskaya GRES within the framework of which axial circulation pumps were replaced with diagonal-flow pumps, the main advantage of which is the ability to work at low water level in forebay without performance loss;
- The “Reconstruction of Weight Radiometric Complex at Conveyors 13A, B” Project at Novocherkasskaya GRES within the framework of which full control of incoming fuel was ensured;
- The “Reconstruction of gate at Spillway No. 5” Project on Troitskaya GRES within the framework of which reliable functioning of spillway in the high-water period was ensured;
- The “Reconstruction of boiler startup system with replacement of startup and control valves (ROU, BROU)” Project on Troitskaya GRES to ensure more effective and reliable operation of boiler in transitional modes;

- The “Modernization of ND TG-10 rotor” Project at Krasnoyarskaya GRES-2 to ensure more effective and reliable operation of turbogenerator low pressure cylinder;
- The “Installation of auxiliary transformer at the Energy Unit No. 4” Project at Krasnoyarskaya GRES-2 within the framework of which transformer was replaced in order to increase reliability of plant own needs;
- The “Technical re-equipment of brushless excitation control system for the Energy Unit No. 1” Project at Cherepovetskaya GRES within the framework of which reliable and effective functioning of the brushless excitation of generator of turbogenerator of the Energy unit No. 1 was ensured;
- The “Installation of Suspended magnetic separator at LK-8” Project on Cherepovetskaya GRES within the framework of which reliable functioning of fuel conveying system of the plant was ensured;
- The “Reconstruction of Ash Disposal Complex No. 3 (III level of elevation)” Project at Serovskaya GRES within the framework of which reliable operation of system of ash and slag removal was ensured;
- The “Reconstruction of battery of the block No. 1” Project at Pskovskaya GRES within the framework of which the storage battery was replaced in order to increase reliability of operation of plant equipment in emergencies.

5.3. 2013 Investment Activity Results

Volumes of investments and new fixed assets at the “OGK-2” branches in 2013, thousand rubles

Branch	Volume of investments (excluding VAT)	New fixed assets (excluding VAT)	Financed (including VAT)
Total in “OGK-2”:	20,867,700.51	3,944,281.19	20,261,492.31
Surgutskaya GRES-1	125,347.8	187,557.8	237,916.0
Ryazanskaya GRES	937,056.2	786,458.5	967,418.5
Kirishskaya GRES	61,820.7	880,036.0	183,513.1
Stavropolskaya GRES	116,189.5	287,131.8	2,591,849.6
Troitskaya GRES	7,853,236.5	424,846.7	6,874,681.1
Novocherkasskaya GRES	5,704,013.7	260,464.2	4,644,651.6
Krasnoyarskaya GRES-2	186,870.4	111,940.9	196,396.3
Cherepovetskaya GRES	49,642.5	20,524.9	46,410.8
Serovskaya GRES	5,098,991.3	363,129.6	4,431,521.0
Pskovskaya GRES	15,248.1	2,616.3	17,921.4
Adlerskaya TPP	7,962.2	7,962.2	8,314.2
Executive office	711,321.5	611,612.3	60,898.7
including CSAs:			
Facility No. 5 (STU -330). Ryazanskaya GRES	855,230.5	0.0	864,743.4
Facility No. 2 (STU-330). Novocherkasskaya GRES	5,510,703.9	2,332.3	4,397,988.9
Facility No. 1 (CCGT Unit-800). Kirishskaya GRES	42.7	861,560.4	123,650.7
Facility No. 2 (CCGT Unit-420). Serovskaya GRES	5,083,424.9	5.9	4,335,226.6
Facility No. 3 (CCGT Unit-420). Stavropolskaya GRES	4,161.2	0.0	2,532,531.7
Facility No. 1 (STU -660). Troitskaya GRES	7,007,733.4	0.0	6,166,573.5

Financed by external investors

Branch	Volume of investments (excluding VAT)	New fixed assets (excluding VAT)	Financed (including VAT)
Facility No. 4 (CCGT Unit-420). Cherepovetskaya GRES	6,381,470.00	–	7,455,440.00
Facility No. 4,5 (2* CCGT Unit-180). Adlerskaya TPP	3,345,251.10	18,389,606.11	3,977,964.60

6. Securities and Charter Capital

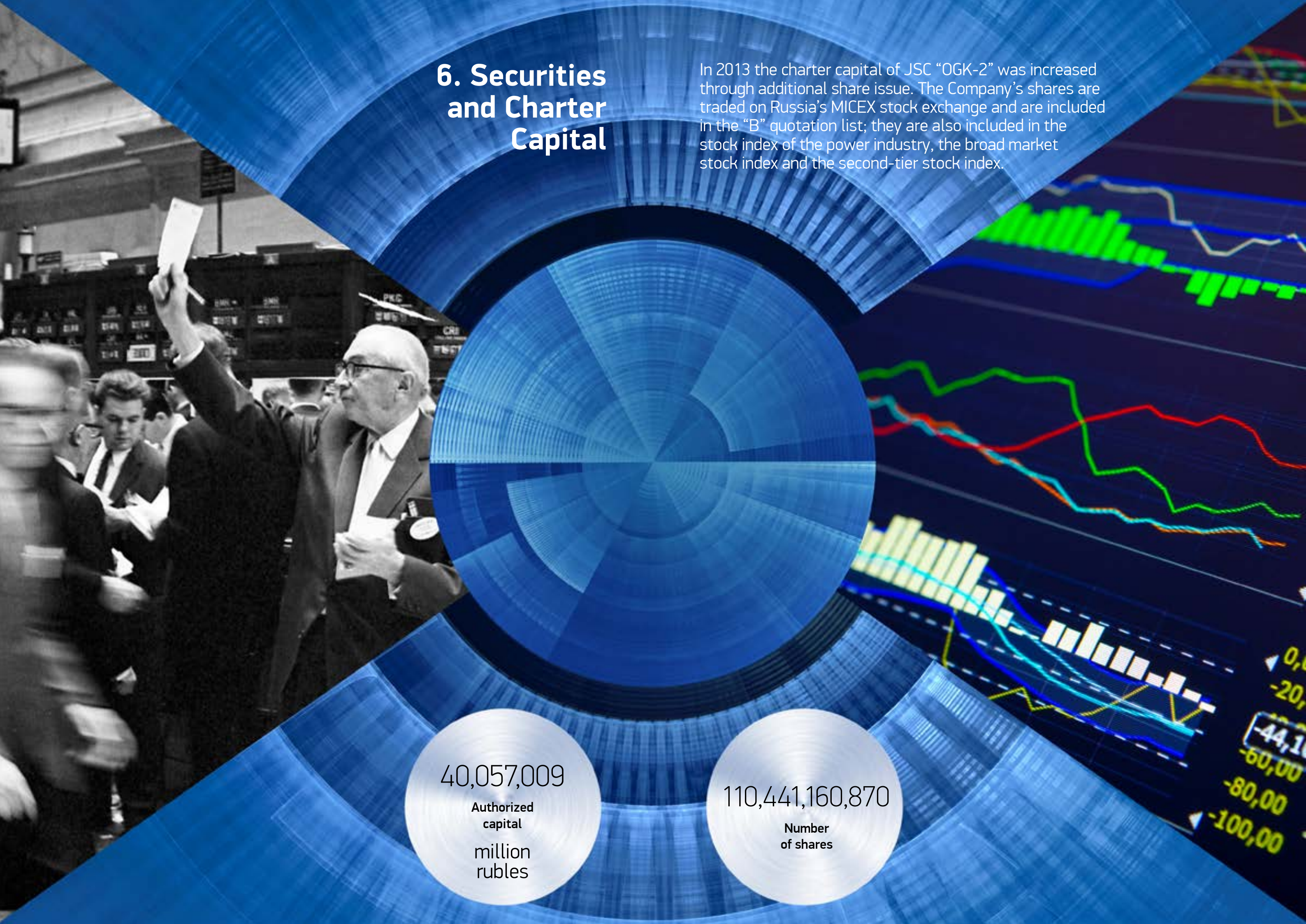
In 2013 the charter capital of JSC "OGK-2" was increased through additional share issue. The Company's shares are traded on Russia's MICEX stock exchange and are included in the "B" quotation list; they are also included in the stock index of the power industry, the broad market stock index and the second-tier stock index.

40,057,009

Authorized
capital
million
rubles

110,441,160,870

Number
of shares



6.1. Structure of the Company's Charter Capital

As of December 31, 2013, the JSC "OGK-2" register includes **307,704 persons**, of which **306,991** are individuals, **690** are legal entities, **20** are nominees, and **3** are trustees.

JSC "OGK-2" Shareholders Structure as of December 31, 2013

Shareholder (owner)	Number of Shares	Share in charter capital, %
Individuals, including joint-holder and trustees	1,153,992,113	1.0449
Executive bodies	3,647,492	0.0033
Legal entities, including Central Securities Depository, Nominees and trustees including:"	109,283,521,265	98.9518
JSC "Centerenergyholding"	81,081,177,617	73.4157
LLC "Gazprom Energoholding"	4,026,935,977	3.6462
JSC "INTER RAO Capital"	3,382,211,029	3.0625
Charter capital, total	110,441,160,870	100

In 2013 in relation to additional issue of shares (The report on results of additional issue of securities is registered by FFMS of Russia 26.04.2013) shares of shareholders in charter capital of the Company changed, including:

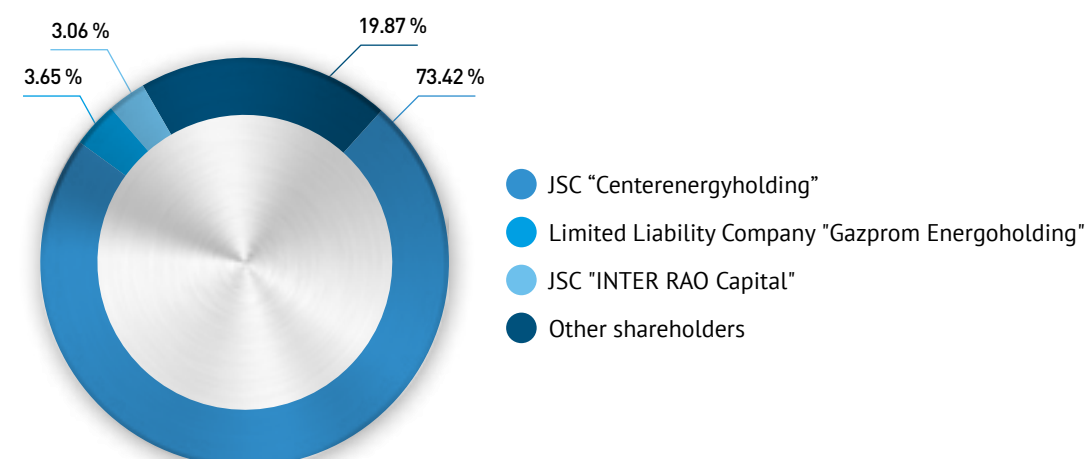
- share of JSC "Centerenergyholding" increased from 50.52 % to 73.42 %;
- share of Limited Liability Company "Gazprom Energoholding" decreased from 6.73 % to 3.65 %;
- share of JSC INTER RAO Capital decreased from 5.7 % to 3.06 %

Shareholders owing no less than 5 % of shares as of December 31, 2013

No.	Shareholder name	Number of shares.	Share in charter capital, %
1	Joint-Stock Company "Centerenergyholding"	81,081,177,617	73.42

The Russian Federation, including subjects of the Russian Federation and municipalities, owns **0.0033 %** of shares of JSC "OGK-2".

Breakdown of JSC "OGK-2" share capital In 2012



6.2. Information on Securities

Shares

As of December 31, 2013, the Company's charter capital was **40,057,009,047.549 rubles** and was divided into **110,441,160,870** registered ordinary shares, each of which has a par value of **0.3627 rubles**. The Company has not issued any preference shares.

Total number of registered issues of shares

No.	Event	Date the issue was registered	State registration number	Number of ordinary shares issued	Par value in rubles
1.	Primary issue	11.05.2005	1-01-65105-D	10,769,803,935	1.0
2.	First issue	21.03.2006	1-01-65105-D-001D	14,547,265,563	1.0
3.	Second issue	31.08.2006	1-01-65105-D-002D	44,857,010	1.0
4.	Third issue	31.08.2006	1-01-65105-D-003D	88,257,396	1.0
5.	Fourth issue	31.08.2006	1-01-65105-D-004D	621,543,725	1.0
6.	Fifth issue	31.08.2006	1-01-65105-D-005D	409,168,128	1.0
7.	Sixth issue	31.08.2006	1-01-65105-D-006D	61	1.0
8.	Primary issue (after conversion)	19.04.2007	1-02-65105D	26,480,895,818	0.3627
9.	First issue	07.08.2007	1-02-65105-D-001D	6,252,026,095	0.3627
10.	Second issue	01.04.2008	1-02-65105-D-002D	1,452,433	0.3627
11.	Third issue	01.04.2008	1-02-65105-D-003D	194,036	0.3627
12.	Fourth issue	25.08.2011	1-02-65105-D-004D	26,593,358,578	0.3627
13.	Fifth issue	30.08.2012	1-02-65105-D-005D	51,113,233,910	0.3627
Total number of shares in circulation				110,441,160,870	0.3627

The shares of JSC "OGK-2" have been traded on the CJSC MICEX and JSC RTS Stock Exchanges since July 2006. In December, 2009, JSC "OGK-2" shares were included into the Quote List A1 of CJSC MICEX Stock Exchange. On May 24, 2013 JSC "OGK-2" shares were transferred from Quote List A1 to Quote List B of CJSC MICEX Stock Exchange.

JSC "OGK-2" shares are included into the base of calculation of MICEX PWR (RTSeu – currency value) – share ratio makes 3.91 %, as well as into the base of calculation MICEX BMI with 0.08 % share ratio and into MICEX SC with 4.46 % ratio.

Global depository receipts program

Since October 2007, Deutsche Bank Trust Company Americas, within the framework of JSC RAO "UES of Russia" restructuring, launched a global depository receipts (GDR) program for JSC "OGK-2" shares. One depository receipt certifies the right with respect to 100 registered ordinary shares of the Company. The program was opened in accordance with Regulation S and Rule 144A. The GDR program was established to observe the rights of holders of depository receipts for RAO "UES of Russia" shares. According to Regulation S, the GDR was assigned the ISIN international code – US 6708482095; according to Rule 144A – US 6708481006.

Since October 4, 2007, unconditional trading on the main market of the London Stock Exchange has begun under quotation ticker "OGK2". Until January 1, 2011 (the date of JSC "OGK-6" accession to JSC "OGK-2") GDRs of the Company had been included in the Official List of the UK Listing Authority.

Information regarding approval from the Federal Commission on admission of this category (type) of securities for circulation outside the Russian Federation: Order of the Russian Federal Financial Markets Service No. 07-1737/pz-n dd. August 7, 2007.

Period	Number of GDRs.		
	As per Regulation S	As per Rule 144A	Total
2013	1,269,985	9,926	1,279,911

The total volume of the GDR program decreased in 2013 and amounted to 1,28 million receipts (0.12 % of the charter capital) as of the end of 2013. On the whole, the number of GDRs was decreasing throughout the entire reporting year. First of all, this is connected with the decrease in market price of Company's shares during the reporting period.

6.3. Securities Trading Results

In 2013, the market price of one JSC “OGK-2” share on the MICEX dropped by 25.8 % from 0.3439 rubles on December 31, 2012 to 0.2551 rubles on December 31, 2013.

At the same time, during the year the MICEX index increased by 2 % from 1,474.72 points on December 31, 2012 to 1,504.08 points on December 30, 2013. The MICEX Power index dropped by 39.5 % from 1,707.42 points on December 31, 2012 to 1,032.39 points on December 30, 2013.

The main reason for the drop of JSC “OGK-2” share prices was general dynamics of the utility market which is exposed to aggressive changes by regulators: change of tariff policy (restriction of

tariff growth rates) and freezing of consumer tariffs for a certain period. As a result, at the end of the year utility sector showed record lag behind the market – almost 40 %. This is the most considerable relative lag for the last six years. Besides, absence of dividends in 2013, along with high regulatory risks in the industry, reduce attractiveness of JSC “OGK-2” shares. Nevertheless, strong financial results in 2013 and operational efficiency program performance had noticeable stabilizing impact on the dynamics of quotations.

Besides, during the reporting period additional issue of JSC “OGK-2” shares was complete, and additional shares were listed from 15.07.2013. Issues were consolidated on 30.08.2013.

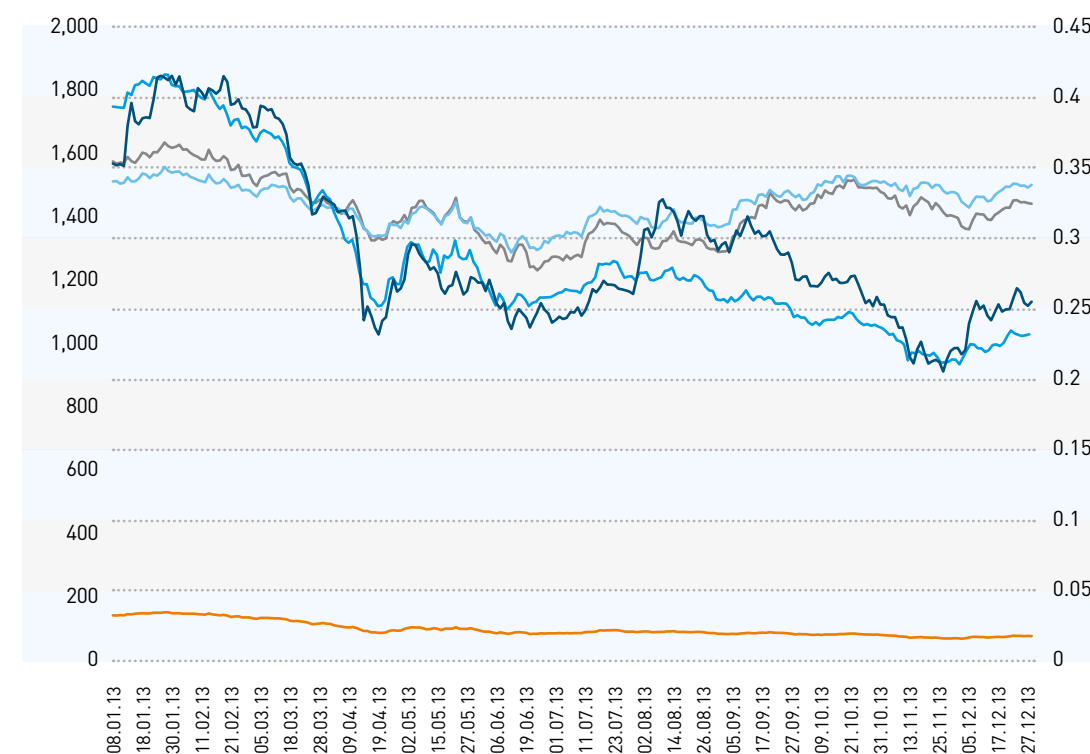
JSC OGK-2 securities trading on CJSC MICEX

In the period from January 08, 2013⁹ to December 31, 2013, 542,104 stock-exchange deals were made on MICEX with JSC “OGK-2” shares (trading code OGKB); the trade volume constituted about 10,475 million rubles or 35,563 million shares⁹.

From July 15, 2013 additional shares of JSC “OGK-2” were listed (trading code – OGKB-005D). The issue was consolidated with the primary issue on August 20, 2013.

10,475
million rubles
Trade volume

Dynamics of the JSC “OGK-2” share price and MICEX indices in 2013¹⁰



⁹ Data from MICEX.

¹⁰ Data from MICEX.

MICEX PWR index, pp

RTS eu index, pp

RTS index, pp

MICEX index, pp

Price of JSC “OGK-2” shares, rub.

Results of JSC “OGK-2” securities trading on MICEX in 2013, main trading mode¹¹

	Jan	Feb	Ma	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Number of stock-exchange deals	62,015	47,563	47,341	52,596	44,150	30,025	34,609	55,479	30,065	32,434	57,113	48,714
Trade volume, million shares	4,240	2,463	1,646	3,095	2,652	1,639	2,331	4,604	1,712	2,845	4,321	4,017
Trade volume, million rubles	1,668	988	585	829	744	407	606	1,425	506	758	963	996

¹¹ Data from MICEX

6.4. Dividends

As of December 31, 2013, 1.399 million rubles of dividends payable to the shareholders of JSC “OGK-2” remained from the totals for 2010, and 0.613 million rubles – from the totals for 2011.

The debt was primarily caused by shareholders' failure to submit true and complete data as required for the payment of dividends.

The dividend policy (approved by Board of directors in 2010, with the changes approved in 2011) which establishes the principles for distribution of Company profit is in effect in the JSC “OGK-2”. This document states that 5 % to 35 % of net profit may be directed towards the payment of dividends in

the event that a reserve fund is established in full compliance with the Charter (5 % of the charter capital). Up to 95 % but no less than 35 % of net profits are reserved for use on the Company's investment projects. Dividends are calculated on the basis of the volume of net profits, which is expressed in accordance with the Russian Accounting Standards.

In accordance with this document, a number of principles must be observed when calculating dividends: transparency of the calculation mechanism, balanced short-term (income) and long-term (Company development) shareholder interests, focus on increasing the investment attractiveness and capitalization of the Company.

7. Structure and Principles of Corporate Governance

The Company's corporate governance is carried out in accordance with the Corporate Governance Code adopted by the Company and is based on the following principles:

- Accountability
- Fairness
- Transparency
- Responsibility

The Board of Directors held

27
meetings

555
issues were considered

7.1. Principles and Documents

The Company's corporate governance means the aggregate of processes enabling management and control over its activities, including relations between shareholders, the Board of Directors, and the Company's executive bodies on behalf of shareholders. The Company considers corporate governance as a means to improve the Company's performance, raise its reputation, and increase capitalization.

The Company's corporate governance is carried out in accordance with the Corporate Governance Code adopted by the Company and is based on the following principles:

Accountability

The Code provides for the accountability of the Company's Board of Directors to all shareholders in accordance with the applicable law and serves as guidance for the Board of Directors in drawing up Resolutions and establishing control over the activities of the Company's executive bodies.

Fairness

The Company commits itself to defending the shareholders' rights and ensuring fair treatment of all shareholders. The Board of Directors shall give all shareholders the opportunity to receive efficient protection in the event that their rights are violated

Transparency

The Company shall provide for the scheduled disclosure of reliable information regarding all significant facts related to its activities, including its financial status, social and environmental data, performance, ownership, and management structure. It shall also grant free access to such information to interested parties.

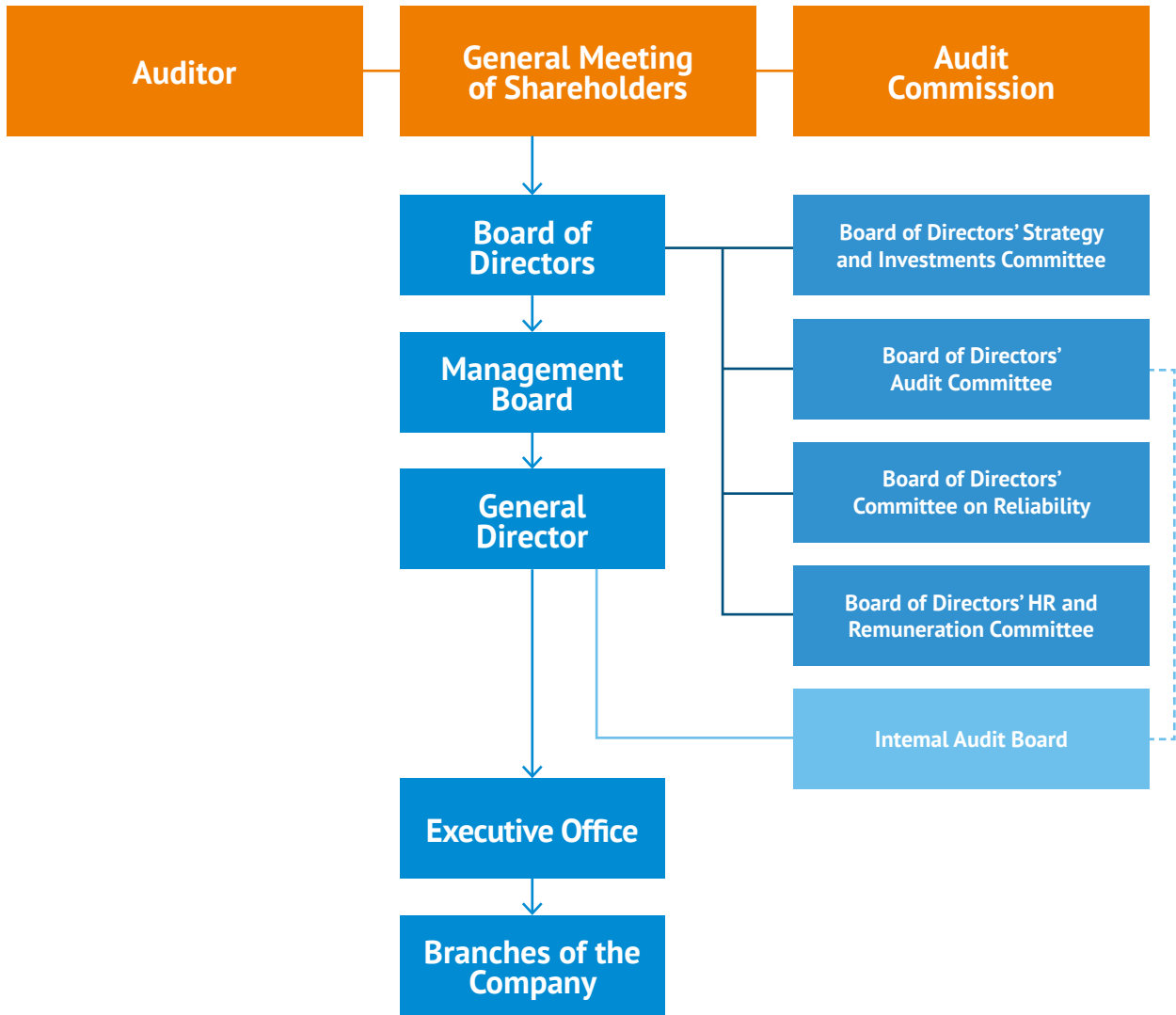
Responsibility

The Company shall acknowledge all the interested parties' rights as stipulated by the applicable law and strive towards cooperation with such persons for the purposes of its development and assurance of financial sustainability.

In its corporate governance practices, JSC "OGK-2" strives to adhere to the primary principles formulated in the Code of Corporate Conduct recommended for application by the Federal Financial Markets Service.

7.2. Information on Administrative and Control Bodies

JSC "OGK-2" Corporate Governance Structure



General Meeting of Shareholders

The Company's General Meeting of Shareholders is the superior management body. The General Meeting of Shareholders entitles shareholders to participate in the management of the Company by making resolutions on the most important issues related to the Company's business within the competence of the General Meeting of Shareholders. The Board of Directors, executive bodies, and the Audit Commission are accountable to the

General Meeting of Shareholders. The competence of the General Meeting of Shareholders and the timelines and procedure for preparing and holding a General Meeting of Shareholders, and the forms in which it can be held, are established in the Federal Law On Joint-Stock Companies, in the Charter, and in the Regulations on the procedure for preparation and holding of the General Meeting of Shareholders of JSC "OGK-2".

Board of Directors

General management of the Company is exercised by the Board of Directors, which passes resolutions on significant issues related to the Company's activities within the competence established in the Charter. The procedure for the activities of the Company's Board of Directors is regulated by the Charter and the Regulations on the Board of Directors of JSC "OGK-2". The Board of Directors is a collective body made up of 11 persons. Members of the Board of Directors are elected by the General Meeting of Shareholders for a period lasting until the next Annual General Meeting of Shareholders. By resolution of the General Meet-

ing of Shareholders, the authority of all members of the Board of Directors may be terminated early. Persons elected to the Board of Directors may be re-elected an unlimited number of times. Candidates for election to the Board of Directors may be nominated by shareholders with at least 2 % of the Company's voting shares and also by the Board of Directors in the event that the number of candidates put forward by shareholders is insufficient to form a Board of Directors.

In 2013, changes were made to the membership of the Board of Directors.

Membership of the Board of Directors for the Period from June 22, 2012 to May 27, 2013

On June 22, 2012 the Annual General Meeting of Shareholders of JSC "OGK-2" (Minutes No. 5 dd. June 25, 2012) elected the Company's Board of Directors as follows:

No.	Full name of the Board of Directors' member	Position of the Board of Directors' member, occupied within the period from June 22, 2012 till May 27, 2013
1	Denis Vladimirovich Fedorov	General Director of JSC "Centerenergoholding" General Director of LLC Gazprom Energoholding
2	Anatoly Anatolyevich Gavrilenko*	General Director of CJSC Leader
3	Igor Anatolyevich Golenishchev	General Director of LLC "Gazprom investproject"
4	Irina Yuryevna Korobkina*	Deputy Head of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom"
5	Denis Viktorovich Kulikov*	Executive Director of the Association for Protection of Investors' Rights
6	Alexey Alexandrovich Mityushov	General Director of LLC "Sevinvest"
7	Alexander Vladimirovich Rogov*	Deputy Head of the Division – Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom"
8	Sergey Sergeevich Fil*	Director of Corporate and Legal matters of LLC Gazprom Energoholding
9	Mikhail Leonidovich Khodursky*	Deputy General Director for Economics and Finance of LLC Gazprom Energoholding
10	Damir Akhatovich Shavaleev*	General Director of JSC "Gazprom neftekhim Salavat"
11	Pavel Olegovich Shatsky*	First Deputy General Director of LLC Gazprom Energoholding

* Company's independent directors according to the FFMS of Russia Code of Corporate Conduct recommended for joint-stock companies by Order No. 421/p.

On May 28, 2013 the Annual General Meeting of Shareholders of JSC "OGK-2" (Minutes No. 6 dd. May 31, 2013) elected the Company's Board of Directors as follows:

No.	Full name of the Board of Directors' member	Position of the Board of Directors' member, occupied at present
1	Denis Vladimirovich Fedorov	General Director of JSC "Centerenergoholding" General Director of LLC Gazprom Energoholding
2	Denis Nikolaevich Bashuk	General Director of JSC "OGK-2"
3	Sergey Viktorovich Ezhov*	Head of the Department of competitive procurements of LLC "Gazprom mezhregiongaz"
4	Alexander Sergeevich Ivannikov*	First Deputy Head of the Finance and Economics Department of JSC "Gazprom"
5	Irina Yuryevna Korobkina*	Deputy Head of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom"
6	Denis Viktorovich Kulikov*	Executive Director of the Association for Protection of Investors' Rights
7	Alexander Vladimirovich Rogov*	Deputy Head of the Division – Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom"
8	Sergey Sergeevich Fil*	Director of Corporate and Legal matters of LLC Gazprom Energoholding
9	Mikhail Leonidovich Khodursky*	Deputy General Director for Finance of JSC "Mosenergo"
10	Damir Akhatovich Shavaleev*	General Director of JSC "Gazprom neftekhim Salavat"
11	Pavel Olegovich Shatsky*	First Deputy General Director of LLC Gazprom Energoholding

* Company's independent directors according to the FFMS of Russia Code of Corporate Conduct recommended for joint-stock companies by Order No. 421/p.

27 Meetings Of the Board of Directors were held in 2013

In 2013, the Board of Directors held 27 meetings, one of which was held in praesentia, 26 – in form of absentee meetings. The Board of Directors of JSC "OGK-2" resolved important issues of current activities and strategic development of the Company. 555 issues were considered (including sub-issues).

555 Issues Were considered

In addition, out of all the issues, which were solved by the Board of Directors, 406 issues pertain to the Board of Directors' competence in accordance with the requirements of the Federal law, including the following:

- approval of the related party transactions (382 issues);
- recommendations to the General Meeting of Shareholders (5 issues);
- determining the priorities (3 issues);
- determining the position of the Company's representatives (3 issues) and other issues.

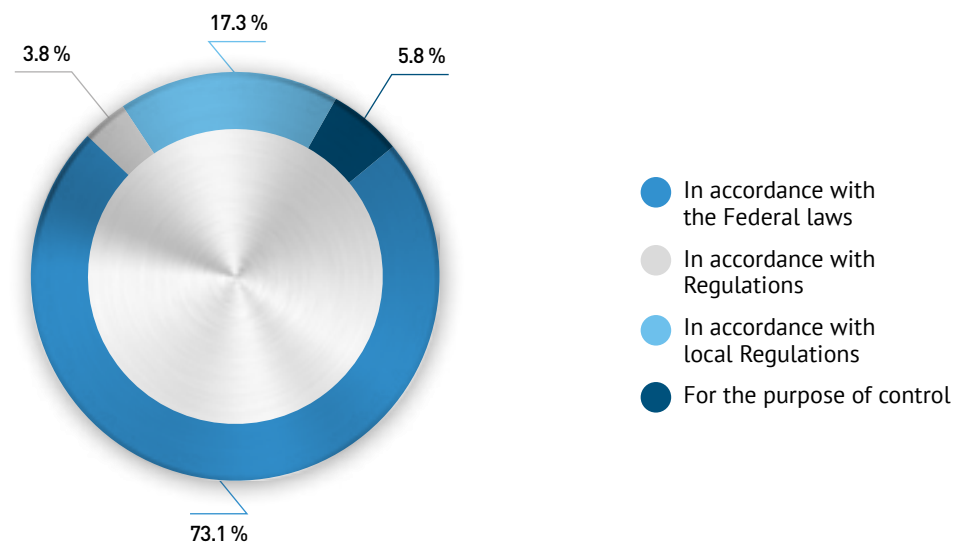
In addition to the Federal laws the Board of Directors' competence may be determined by regulations (e.g. Resolution of FCSM (Federal Commission for the Securities Market) dated April

04, 2002 No. 421/r). In 2013 there were 21 issues of the kind considered, and they mainly related to the financial and economic activities of the Company (approval and adjustment of the business plan, including the issues relating to adjustments or budget of the investment program/project).

Besides, the Company introduced local regulations defining the governing bodies' competence on various issues. In accordance with the local regulations in 2013 the Board of Directors considered 32 issues.

In addition, the Company uses the procedure of preliminary consideration of issues by Committees of the Board of Directors for Strategy, Investments and Reliability. This procedure is primarily used to consider issues related to investment program, business planning, production and repair activities (except for the related party transactions), as well as those related to the priorities.

Structure of resolutions adopted by the Board of Directors on the basis of consideration



On March 28, 2013 a meeting in presentia of the Board of Directors of JSC "OGK-2" was held, at which, in particular, the business plan of JSC "OGK-2" for 2013 was approved, the reports of the General Director on implementation of the decisions of the General Meeting of Shareholders and of the Board of Directors of JSC "OGK-2" were considered.

Participation of the Board of Directors' members in meetings in 2013

No.	Full name	Number of meetings*
1	Denis Vladimirovich Fedorov	27/27
2	Denis Nikolaevich Bashuk (from 28.05.2013)	17/17
3	Anatoly Anatolyevich Gavrilenko (till 27.05.2013)	9/10
4	Igor Anatolyevich Golenishchev (till 27.05.2013)	8/10
5	Sergey Viktorovich Ezhov* (from 28.05.2013)	16/17
6	Alexander Sergeevich Ivannikov* (from 28.05.2013)	12/17
7	Irina Yuryevna Korobkina	27/27
8	Denis Viktorovich Kulikov	22/27
9	Alexey Alexandrovich Mityushov (till 27.05.2013)	8/10
10	Alexander Vladimirovich Rogov	27/27
11	Sergey Sergeevich Fil	27/27
12	Mikhail Leonidovich Khodursky	19/27
13	Damir Akhatovich Shavaleev	18/27
14	Pavel Olegovich Shatsky	26/27

* Number of meetings, in which the member of the Board of Directors participated/ number of meetings in which the member of the Board of Directors could participate

The amount and procedure for bonus and remuneration payments made to the members of the Board of Directors was established in accordance with the Procedure for the payment of bonuses and remuneration to members of JSC "OGK-2's" Board of Directors on June 25, 2009 by the Annual General meeting of Shareholders (Minutes No. 2 dd. June 26, 2009).

Basic remuneration is the remuneration paid to the members of the Board of Directors of the Company for participating in the meetings of the Board of Directors.

For participating in a meeting of the Board of Directors, a member of the Board of Directors shall be paid remuneration to the amount equal to 4 (four) minimum monthly base rates of a first- category worker, as established by the Industry Pay Rate Agreement in the Russian Electrical Power Sector (hereinafter referred to as the "Agreement") as of the day of the meeting of the Company's Board of Directors with adjustment for inflation levels established by the Agreement, within one calendar month of the meeting of the company's Board of Directors. The remuneration paid to the chair of the Board of Directors (Deputy Chair or another individual who chairs a meeting of the Board of Directors) for each meeting where he/she fulfilled functions of the chair of the Board of Directors is subject to a 50 % increase.

The minimum monthly base rate of a first-category worker as established by the Industry Pay Rate Agreement in the first half of the year of 2013 was equal to 4,759 rubles and 5,400 rubles in the second half of the year of 2013.

An additional part of remuneration is paid to the members of the Board of Directors of the Company at the end of the financial year in the event that the Company generates net profit

A resolution to pay an additional part of remuneration to the members of the Board of Directors is passed by the Company's General Meeting of Shareholders. A resolution of the Company's General meeting of Shareholders on paying an additional part of remuneration to the members of the Board of Directors establishes its total amount. The total amount of an additional part of remuneration based on the Company's performance may not exceed 5 (five) percent of the Company's net profit generated during the financial year in which the current membership of the Board of Directors was elected. An additional part of remuneration is paid within a month after the Company's General Meeting of Shareholders is held. An additional part of remuneration based on the Company's performance is not paid to the members of the Board of Directors who participate in less than half of the meetings of the Board of Directors (from the point he/she is elected to the point when his/ her powers are terminated). The company doesn't calculate an additional part of remuneration for the members of the Board of Directors if net profit isn't generated.

The total amount of remuneration for participation in the meetings of the Board of Directors, accrued for all persons who were members of the Board of Directors of JSC "OGK-2" and JSC "OGK-6" in 2013 amounted to 6,996 thousand rubles.

Committees of the Board of Directors

Strategy and Investments Committee

On November 28, 2006, the JSC “OGK-2” Board of Directors resolved to establish the Board of Directors’ Committee for Strategy and Investments (Minutes No. 49/49 dd. December 4, 2006). The committee is an advisory body that ensures the efficient execution of functions related to the general management of the Company by the Board of Directors.

The Committee’s purpose is to develop and present recommendations (opinions) to the Board of Directors and executive bodies of the Company with regard to issues related to setting the business priorities, strategic aims and main principles of the Company’s strategic development and investments.

In the period from July 12, 2012 to June 27, 2013, the Board of Director’s Strategy and Investments Committee (Minutes No. 49 dd. July 16, 2012, Minutes No. 63 dd. December 29, 2012, Minutes No. 66 dd. March 07, 2013) included the following members:

No.	Full name of the Committee's member	Position of the Committee's member
1	Denis Nikolaevich Bashuk (till 05.03.2013)	General Director of JSC “OGK-2”
2	Natalia Vasilyevna Vaytulenis	Deputy General Director for Economics and Finance at JSC “OGK-2”
3	Yury Efimovich Dolin	Deputy General Director for Capital Construction of LLC “Gazprom Energo-holding”
4	Evgeny Nikolayevich Zemlyanoy (from 28.12.2012)	Head of the Department of Power Industry Marketing Subdivision of Power Sector Development and Power Industry Marketing of JSC “Gazprom”
5	Dmitry Rufimovich Kiselev	Head of Business Planning department of Economic Management of LLC Gazprom Energoholding
6	Irina Yuryevna Korobkina	Deputy Head of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
7	Roman Viktorovich Litvinov	Deputy Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
8	Roman Viktorovich Panyushkin	Chief Specialist of the Subdivision of Power Sector Development and Pow-er Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
9	Alexander Vladimirovich Rogov	Deputy Head of the Division – Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sec-tor Development and Power Industry Marketing of the Department of Mar-keting and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
10	Pavel Olegovich Shatsky	First Deputy General Director of LLC Gazprom Energoholding, Chairman of the Committee for Strategy and Investment
11	Alexander Viktorovich Shevchuk	Deputy Executive Director of the Association for Protection of Investors’ Rights
12	Sergey Anatolyevich Sizev (from 06.03.2013)	Deputy General Director for Investment activity at JSC “OGK-2”

On June 28, 2013, a new Board of Directors’ Committee for Strategy and Business Planning was elected (Minutes No. 77 dd. July 01, 2013).

No.	Full name of the Committee's member	Position of the Committee's member
1	Natalia Vasilyevna Vaytulenis	Deputy General Director for Economics and Finance at JSC “OGK-2”
2	Valentin Borisovich Gryaznov	Deputy General Director for Strategic Development of LLC “Gazprom inform”
3	Yury Efimovich Dolin	Deputy General Director for Capital Construction of LLC “Gazprom Energoholding”
4	Evgeny Nikolayevich Zemlyanoy	Head of the Department of Power Industry Marketing Subdivision of Power Sector Development and Power Industry Marketing of JSC “Gazprom”
5	Dmitry Rufimovich Kiselev	Head of Business Planning department of Economic Management of LLC Gazprom Energoholding
6	Roman Viktorovich Litvinov	Deputy Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
7	Roman Viktorovich Panyushkin	Head of the Subdivision of Power Sector Reform Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
8	Alexander Vladimirovich Rogov	Deputy Head of the Division – Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
9	Sergey Anatolyevich Sizev	Deputy General Director for Investment activity at JSC “OGK-2”
10	Pavel Olegovich Shatsky	First Deputy General Director of LLC Gazprom Energoholding, Chairman of the Committee for Strategy and Investment
11	Alexander Viktorovich Shevchuk	Deputy Executive Director of the Association for Protection of Investors’ Rights

Activity of the Committee in 2013

Seven sessions of the Committee were held. By results of the sessions the recommenda-tions have been given to the Board of Directors of JSC “OGK-2” for the approval of the inclusion in the 2013 Annual Comprehensive Procurement Program of the Company of a number of purchas-es, for the adjustment of the budget of project “Reconstruction of Generator Unit No. 2 (270 MW) of Ryazanskaya GRES with Replacement of Capital Equipment”, for the confirmation of the adjusted plan-schedule of milestones of 2nd level of implementation of a priority investment project “Object No. 3 (PGU-420), Territory of Stavropolskaya GRES”, of the program to increase the operating efficiency of generator units No. 4, 5, 8 of Troitskaya GRES without optional projects. Also the other questions have been considered, including the approval of methodology for the calculation of electricity prices on the wholesale market to be used when formulating the business plan of the Company, “Requirements to the For-mat of Presentation and the Procedure of Coordi-nation of the Program of Company Cost Manage-ment for years 2013-2016”, the plan-schedules have been considered of the implementation of investment projects, the recommendations and assignments have been given to the management of the Company.

Audit Committee

On November 28, 2006, the JSC "OGK-2" Board of Directors resolved to establish the Board of Directors' Audit Committee (Minutes No. 49/49 dd. December 4, 2006). The aims of the Committee are the development and presentation of recommendations (opinions) to the Board of Directors with regard to audit and internal control. In accordance with the Regulations on the Board of Directors' Audit Committee, the Committee's competence includes evaluation of candidates for the Company's auditors, review of the Company auditor's opinion, evaluation of the effectiveness of internal control procedures and preparation of proposals for their improvement.

No.	Full name of the Committee's member	Position of the Committee's member
1	Anatoly Anatolyevich Gavrilenko	General Director of CJSC "Leader"
2	Irina Yuryevna Korobkina	Deputy Head of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom" Chairman of the Audit Commission
3	Denis Viktorovich Kulikov	Executive Director of the Association for Protection of Investors' Rights

By resolution of the Board of Directors dated June 28, 2013 (Minutes No. 77 dd. July 01, 2013) the Board of Directors' Audit Committee included the following members:

No.	Full name of the Committee's member	Position of the Committee's member
1	Irina Yuryevna Korobkina	Deputy Head of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom" Chairman of the Audit Committee
2	Alexander Vladimirovich Rogov	Deputy Head of the Division – Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom"
3	Sergey Sergeevich Fil	Director of Corporate and Legal matters of LLC Gazprom Energoholding

Activity of the Committee in 2013

One session of Committee was held. By results of the session it was noted that the Auditors' Opinion on the accounting reporting of the Company for 2012, provided by KPMG, the auditor of JSC "OGK-2", was made in accordance with the Federal Rules (Standards) of Audit Activity confirmed by the Decree of the Government of the Russian Federation dated

The Audit Committee gives the Board of Directors economically efficient and legally relevant recommendations (opinions) with respect to the issues referred to the Committee's competence and informs the Board of Directors of the Company's risks in accordance with the schedule.

In the period from July 12, 2012 to June 27, 2013, the Board of Directors' Audit Committee (Minutes No. 49 dd. July 16, 2012) included the following members:

23.09.2002 No. 696 "On the enactment of federal rules (standards) of audit activity", contains an opinion on the reliability in all material respects of the financial position of JSC "OGK-2" as at 31.12.2012, the results of its financial and economic activity and cash flows in 2012 in accordance with the Russian rules of preparing the financial statements.

Committee on Reliability

For the purpose of ensuring efficient performance of the Board of Directors in the sphere of production activity analysis, assessment of the technical state, power equipment maintenance and repair and evaluation of

engineering teams performance, on November 30, 2005, the Board of Directors of JSC "OGK-2" resolved to establish the Board of Directors' Committee on Reliability (Minutes No. 15/15 dd. December 5, 2005).

In the period from July 12, 2012 to June 27, 2013, the Committee on Reliability of the Board of Directors (Minutes No. 49 dd. July 16, 2012, Minutes No. 63 dd. December 29, 2012) included the following members:

No.	Full name of the Committee's member	Position of the Committee's member
1	Anatoly Vladimirovich Volkov	Deputy Chief Engineer - Head of the Production and Technical Management Division of JSC "OGK-2"
2	Konstantin Vladimirovich Moskvina (from 28.12.2012)	Deputy General Director for Production at JSC "OGK-2" – Chief Engineer
3	Sergey Valeryevich Radchenko	Head of the Technical Audit and Inspection Subdivision of the Production Division of LLC Gazprom Energoholding
4	Dmitry Ernstovich Rozhkov	Deputy Director for Production, Head of the Production Division of LLC Gazprom Energoholding
5	Mikhail Vladimirovich Sorokin	Head of the Power Engineering Subdivision of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom"
6	Mikhail Vladimirovich Fedorov (from 28.12.2012)	Acting Director for Production of LLC Gazprom Energoholding, Chairman of the Committee for Reliability

By resolution of the Board of Directors dated June 28, 2013 (Minutes No. 77 dd. July 01, 2013) the Committee on Reliability of the Board of Directors included the following members:

No.	Full name of the Committee's member	Position of the Committee's member
1	Anatoly Vladimirovich Volkov	Deputy Chief Engineer Head of the Production and Technical Management Division of JSC "OGK-2"
2	Dmitry Petrovich Matyushkin	Head of the Department for construction of generation facilities of JSC "OGK-2"
3	Konstantin Vladimirovich Moskvina	Deputy General Director for Production at JSC "OGK-2" – Chief Engineer
4	Sergey Valeryevich Radchenko	Head of the Technical Audit and Inspection Subdivision of the Production Division of LLC Gazprom Energoholding
5	Dmitry Ernstovich Rozhkov	Deputy Director for Operations, Head of the Production Division of LLC Gazprom Energoholding
6	Mikhail Vladimirovich Sorokin	Head of the Power Engineering Subdivision of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC "Gazprom"
7	Mikhail Vladimirovich Fedorov (from 28.12.2012)	Acting Director for Operations of LLC Gazprom Energoholding, Chairman of the Committee for Reliability

Activity of the Committee in 2013

Six sessions of the Committee were held. By results of the sessions the recommendations were given to the Board of Directors of JSC "OGK-2" for the confirmation of the Research and Development works program of the Company for the period of 2013 to 2015, the programs of priority purchases under the

2014 investment program, the 2013 investment program was adjusted and short-term program to increase the operating efficiency of energy units No. 4, 5, 8 of the JSC "OGK-2" branch - Troitskaya GRES was approved, the recommendations and assignments were given to the management of the Company.

Human Resources and Remuneration Committee

On August 06, 2007 the JSC “OGK-2” Board of Directors resolved to establish the Board of Directors’ Human Resources and Remuneration Committee (Minutes No. 79/79 dd.

August 08, 2007). The purpose of the Committee is to develop and provide recommendations (conclusions) to the Board of Directors on personnel and remuneration matters.

In the period from July 12, 2012 to June 27, 2013, the Board of Directors’ HR and Remuneration Committee (Minutes No. 49 dd. July 16, 2012) included the following members:

No.	Full name of the Committee's member	Position of the Committee's member
1	Irina Yuryevna Korobkina	Deputy Head of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
2	Denis Viktorovich Kulikov	Executive Director of the Association for Protection of Investors' Rights
3	Mikhail Leonidovich Khodursky	Deputy General Director for Economics and Finance of LLC Gazprom Energoholding
4	Pavel Olegovich Shatsky	First Deputy General Director of LLC Gazprom Energoholding, Chairman of the Committee for HR and Remuneration

By resolution of the Board of Directors dated June 28, 2013 (Minutes No. 77 dd. July 01, 2013) the Board of Directors’ HR and Remuneration Committee included the following members:

No.	Full name of the Committee's member	Position of the Committee's member
1	Denis Viktorovich Kulikov	Executive Director of the Association for Protection of Investors' Rights
2	Alexander Vladimirovich Rogov	Deputy Head of the Division – Head of the Subdivision of Power Sector Development and Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates of JSC “Gazprom”
3	Mikhail Leonidovich Khodursky	Deputy General Director for Economics and Finance of LLC Gazprom Energoholding *, Deputy General Director for Finance of JSC “Mosenergo”
4	Pavel Olegovich Shatsky	First Deputy General Director of LLC Gazprom Energoholding, Chairman of the Committee for HR and Remuneration

* till January, 2014

Activity of the Committee in 2013

Four sessions of the Committee were held. By results of the sessions the recommendations were given to the Board of Directors of JSC “OGK-2” for the confirmation of the Lists and Weight Factors of Annual Key Performance Indicators (hereinafter – the KPIs) for the general director, deputy general directors, chief accountant of the Company, the Lists and Weight KPIs for the general director, deputy general directors, chief accountant of the Company, the Methodology for the Calculation of Strategic and Operating KPIs of JSC “OGK-2”, the Annual Strategic KPI Targets of JSC “OGK-2” for

2013, the Operating and Project KPI Targets of JSC “OGK-2” for 2013, Quarterly Operating KPI Targets of JSC “OGK-2”, the Regulation “On the System of Quarterly and Annual Bonus Top Managers Payments of JSC “OGK-2” in new edition. Also other issues were considered, including the approval of the structure (composition) of personnel for the energy units CCGT-420 to be put into operation at the JSC “OGK-2” branch - Serovskaya GRES, and at the JSC “OGK-2” branch - Cherepovetskaya GRES, the recommendations and assignments were given to the Management of the Company.

Information on Members of the Board of Directors

Denis Vladimirovich Fedorov (Chairman)



Year of birth: 1978
Education: higher
Employment for the past 5 years:

from 2007 to present
JSC “Gazprom”
Head of the Division of Power Sector Development and Power Industry Marketing

from 2008 to 2011
JSC RAO Energy Systems of East
Member of the Board of Directors

from 2008 to present
JSC Mosenergo, JSC TKG-1
Member of the Board of Directors

from 2008 to present
JSC “OGK-2”, JSC Tyumen Power Sales Company
Chairman of the Board of Directors

from 2008 to 2011
JSC “OGK-6”
Chairman of the Board of Directors

from 2009 to present
JSC “Fortis Energy”
Member of the Management Board

from 2009 to present
LLC Gazprom Energoholding
General Director

from 2009 to present
JSC “Centerenergoholding”
Member of the Board of Directors, General Director

from 2010 to 2012
JSC Fuel and Energy Sector Mosenergo
Member of the Board of Directors

from 2010 to 2012
JSC Mezhdregionenergostroy
Chairman of the Board of Directors

from 2010 to 2013
Nadezhda Foundation for the Development of Education, Science and Technology, CJSC Kaunas Heat and Power Plant, JSC Kauno Elektrine
Member of the Management Board

from 2010 to present
Not-for-Profit Energy Producers’ Council
Member of the Supervisory Board, Chairman of the Supervisory Board

from 2011 to present
LLC “Heat Supply Company”,
JSC “INTER RAO EES”
Member of the Board of Directors

from 2012 to present
JSC “FSK EES”
Member of the Board of Directors

from 2012 to 2013
JSC “Holding MRSK”
Member of the Board of Directors

from 2013 to present
Non-commercial partnership «Center for Innovation and Energy Technology»
Member of the Supervisory Board

from 2013 to present
JSC “MOEK”
Member of the Board of Directors

Owned 0.036 % of shares of JSC “OGK-2” as of December 31, 2013.

Denis Nikolaevich
Bashuk



Year of birth: 1971
Education: higher
Employment for the past 5 years:

- from 2007 to 2009
LLC "Gazenergy company"
Head of Production Department
- from 2009 to 2009
LLC Gazprom Energoholding
Head of Production Department
- from 2009 to 2012
Head of Production Department
Production Director
- from 2011 to 2012
JSC "OGK-2"
General Director, Chairman of the Management Board
- from 2012 to present
JSC "OGK-2"
General Director, Chairman of the Management Board
- from 2013 to present
JSC "OGK-2"
Member of the Board of Directors

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Sergey Viktorovich
Ezhov



Year of birth: 1972
Education: higher
Employment for the past 5 years:

- from 2005 to present
Noncommercial Partnership
"Sports School" Sportregion "
General Director
- from 2006 to 2013
"Gazprombank" (JSC)
Consultant to the Management Board
- from 2006 to 2013
LLC "Sportstroyresurs"
General Director
- from 2009 to present
LLC "Sports School"
General Director
- from 2012 to present
Social Initiatives Support Fund of JSC "Gazprom"
General Director
- from 2012 to present
LLC "Gazprom mezhregiongaz"
Head of the Department of competitive procurements
- from 2013 to present
JSC "TGK-1", JSC "OGK-2", JSC "Gazprom StroyTEK Salavat",
JSC "Gazprom neftekhim Salavat"
Member of the Board of Directors
- from 2013 to present
JSC "MOEK"
Deputy General Director for Procurements

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Alexander Sergeevich
Ivannikov



Year of birth: 1966
Education: higher
Employment for the past 5 years:

- from 2007 to 2010
JSC Mosenergo
Deputy General Director for Finance and Budgeting
- from 2010 to present
JSC "Gazprom"
**First Deputy Head of the Finance
and Economics Department**
- from 2011 to present
JSC "Gazprom Space systems"
Member of the Board of Directors
- from 2012 to present
South Stream Hungary Zrt., South Stream Serbia AG,
South Stream Slovenia LLC
Member of the Board of Directors
- from 2013 to present
JSC "OGK-2", JSC "Centerenergoholding",
LLC "Gazprom investproject"
Member of the Board of Directors

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Irina Yuryevna
Korobkina



Year of birth: 1976
Education: higher
Employment for the past 5 years:

- from 2008 to present
JSC "Gazprom"
**Deputy Head of the Division of Power Sector
Development and Power Industry Marketing
of the Department of Marketing and Processing
of Gas and Liquid Carbohydrates of JSC "Gazprom"**
- from 2009 to 2009
JSC «Centerenergoholding»
General Director
- from 2009 to present
JSC «Centerenergoholding»
**Member of the Board of Directors,
Chairman of the Board of Directors**
- from 2010 to 2011
JSC "OGK-6"
Member of the Board of Directors
- from 2010 to present
JSC "Mezhregionteplosetenergomont"
Member of the Board of Directors
- from 2009 to 2013
JSC "OGK-2"
**Member of the Board of Directors ' Strategy
and Investments Committee**
- from 2011 to 2013
JSC "OGK-2"
**Member of the Board of Directors ' Personnel
and Remuneration Committee**
- from 2011 to present
JSC "OGK-2"
Member of the Board of Directors ' Audit Committee
- from 2011 to present
JSC "OGK-2", LLC "Mezhregionenergostroy", LLC "PPTK"
Member of the Board of Directors

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Denis Viktorovich
Kulikov



Year of birth: 1975
Education: higher
Employment for the past 5 years:

- from 2004 to 2011
JSC "UTK"
Member of the Board of Directors
- from 2006 to present
Association for Protection of Investors' Rights
Executive director
- from 2007 to 2011
JSC "MOEK"
Member of the Board of Directors
- from 2007 to present
JSC "OGK-2"
Member of the Board of Directors
- from 2008 to 2011
JSC North-Western Telecom
Member of the Board of Directors
- from 2009 to 2011
JSC Baikalvestkom, JSC Integrated Power Company
Member of the Board of Directors
- from 2010 to 2011
JSC VolgaTelekom, JSC Dalsvyaz,
JSC Uralsvyazinform, JSC Tsentrtelkom
Member of the Board of Directors
- from 2010 to 2012
JSC Volga Interregional Distribution Grid Company
Member of the Board of Directors
- from 2010 to present
JSC North-Western Interregional
Distribution Grid Company
Member of the Board of Directors
- from 2011 to present
JSC "OGK-2"
**Member of the Board of Directors' Personnel
and remuneration Committee**
- from 2012 to 2013
JSC "OGK-2"
Member of the Board of Directors' Audit Committee
- from 2012 to 2013
JSC "MRSK Center"
Member of the Board of Directors
- from 2012 to present
JSC "VEROFARM"
Member of the Board of Directors

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Alexander Vladimirovich
Rogov



Year of birth: 1981
Education: higher
Employment for the past 5 years:

- from 2007 to present
JSC "Gazprom"
**Chief Specialist, Deputy Head of the Division, Head
of the Division – Deputy Head of the Subdivision –
Head of Power Sector Development**
- from 2010 to present
JSC «Centerenergoholding»
Member of the Board of Directors
- from 2011 to present
JSC "OGK-2"
**Member of the Board of Directors' Strategy
and Investment Committee**
- from 2012 to present
JSC "OGK-2", CJSC "TekonGroup", CJSC Production
complex "Promcontroller", CJSC "Tekon-Engineering"
Member of the Board of Directors
- from 2013 to present
LLC "Mezhregionenergostroy"
Chairman of the Board of Directors
- from 2013 to present
LLC "PPTK"
Member of the Board of Directors
- from 2013 to present
JSC "OGK-2"
**Member of the Board of Directors' Audit Committee
, Member of the Board of Directors' Personnel and
remuneration Committee**
- from 2013 to present
JSC "MOEK"
Member of the Board of Directors

Owned 0.0072 % of shares of JSC "OGK-2"
as of December 31, 2013.

Sergey Sergeevich
Fil



Year of birth: 1980
Education: higher
Employment for the past 5 years:

- from 2008 to 2009
JSC "OGK-2"
Deputy General Director for Corporate Governance
- from 2009 to present
LLC Gazprom Energoholding
Director of Corporate and Legal matters
- from 2010 to present
LLC "Mezhregionenergostroy"
Member of the Board of Directors
- from 2011 to present
LLC "PPTK"
Member of the Board of Directors
- from 2012 to present
JSC "Centerenergyholding", JSC "OGK-2"
Member of the Board of Directors
- from 2013 to present
JSC "OGK-2"
Member of the Board of Directors' Audit Committee
- from 2013 to present
JSC "Murmansk thermal power plant",
JSC "RAO Eastern Energy Systems", JSC "MOEK"
Member of the Board of Directors

Owned 0.0013 % of shares of JSC "OGK-2"
as of December 31, 2013.

Mikhail Leonidovich
Khodursky



Year of birth: 1971
Education: higher
Employment for the past 5 years:

- from 2007 to 2010
CJSC Gazenergoprombank
Chairman of the Management Board
- from 2008 to present
JSC "OGK-2"
**Member of the Board of Directors, Member of the Board
of Directors' Personnel and remuneration Committee**
- from 2010 to 2011
JSC "OGK-6"
Member of the Board of Directors
- from 2010 to 2013
JSC Fuel and Energy Sector Mosenergo
Member of the Board of Directors
- from 2010 to present
JSC "Mosenergo"
**Deputy General Director for Finance,
Member of the Management Board**
- from 2010 to 2014
LLC Gazprom Energoholding
Deputy General Director for Economics and Finance
- from 2013 to present
JSC "TGK-1"
Member of the Board of Directors
- from 2013 to present
JSC "MOEK"
**Deputy General Director for Economics and Finance,
Member of the Board of Directors**

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Damir Akhatovich Shavaleyev



Year of birth: 1975
Education: higher
Employment for the past 5 years:

from 2005 to present
JSC Gazprom Neftekhim Salavat
General Director, Member of the Board of Directors

from 2008 to present
JSC Gazprom Neftekhim Salavat
Chairman of the Management Board

from 2009 to present
LLC Salavat petrochemical complex
General Director, Member of the Board of Directors

from 2009 to present
JSC "OGK-2"
Member of the Board of Directors

from 2010 to 2011
JSC "OGK-6," JSC SIBUR — Chemical Fertilizers
Member of the Board of Directors

from 2012 to present
JSC "Mosenergo"
Member of the Board of Directors

Owned 0.00015 % of shares of JSC "OGK-2" as of December 31, 2013.

Pavel Olegovich Shatsky



Year of birth: 1972
Education: higher
Employment for the past 5 years:

from 2008 to present
LLC Gazprom Energoholding
First Deputy General Director

from 2008 to present
JSC "OGK-2"
Member of the Board of Directors' Strategy and Investment Committee

from 2009 to 2012
JSC Fuel and Energy Sector Mosenergo
Member of the Board of Directors

from 2009 to 2013
JSC "IDGC Holding"
Member of the Board of Directors

from 2009 to present
JSC "OGK-2"
Member of the Board of Directors, Member of the Board of Directors' Personnel and remuneration Committee

from 2009 to present
LLC "Centerenergoholding"
Member of the Board of Directors, Chairman of the Board of Directors

from 2010 to 2011
JSC "OGK-6"
Deputy Chairman of the Board of Directors

from 2010 to 2013
JSC RAO Energy Systems of East
Member of the Board of Directors

from 2011 to 2013
LLC "Heat Supply Company"
Member of the Board of Directors

from 2012 to present
LLC "Mezhregionenergostroy"
Member of the Board of Directors

from 2012 to present
LLC "Mezhregionenergostroy" Stockmann
Chairman of the Board of Directors

from 2013 to present
JSC "ROSSETI", LLC "Teploenergomont", LLC "Specavtotrans", JSC "MOEK"
Member of the Board of Directors

Owned 0.000005 % of shares of JSC "OGK-2" as of December 31, 2013.

Executive bodies

General Director

The General Director is the sole executive body of the Company and is entitled to act on behalf of the Company without power of attorney. The General Director heads the Management Board acting as Chairman of the Management Board. The General Director is accountable to the General Meeting of Shareholders and the Company's Board of Directors. The General Director is appointed by the Board of Directors. The General Director is responsible for the implementation of the Company's objectives, strategy and policies.

The issues of monetary incentives for the General Director are managed by a labor contract and by the Regulations on monetary incentives for Senior Managers of JSC "OGK-2," as approved by resolution of the Board of Directors of JSC "OGK-2" dd. June 28, 2013 (Minutes No. 77 dd. July 01, 2013). Bonuses are awarded to the General Director for meeting key performance indicators (quarterly and yearly) established annually by the Company's Board of Directors, as well as for performance of particularly important tasks (work) and in the event that the General Director receives state and industry awards.

Management Board

The Management Board is the collective executive body of the Company which manages the Company's day-to-day operations. The Management Board is accountable to the General Meeting of Shareholders and the Company's Board of Directors. Members of the Management Board are appointed by the Board of Directors. The Management Board is responsible for the implementation of the Company's objectives, strategy and policies. The General Director is the Chairman of the Company's Management Board. The activity of the Management Board is regulated by the Charter and the Regulations on the Management Board. The Management Board develops long-term plans for the main areas of business and submits them to the Board of Directors for consideration. The Management Board also performs the following roles: previews, develops, and submits recommendations regarding specific issues within the competence of the Board of Directors to the latter; examines reports from Deputy General Directors; passes resolutions on the conclusion of which have a value equal to more than 5 % of the book value of the Company's assets (excluding deals which Company's Board of Directors authorizes). Members of the Management Board are elected by the Board of Directors in the number determined by the Board of Directors. In accordance with the resolution of the Board of Directors dd. December 28, 2012 (Minutes No. 63 dd. December 29, 2012) the Management Board consists of 10 persons.

The remuneration system for members of the Management Board is established by their labor

contracts, as well as by the Regulations on monetary incentives for Senior Managers of JSC "OGK-2," as approved by resolution of the Board of Directors dd. June 28, 2013 (Minutes No. No. 77 dd. July 01, 2013).

The system of senior managers' bonuses is based on meeting key performance indicators (KPI) for accounting periods (quarterly and yearly). Quarterly and yearly KPI, their values, methods for calculating indicators, and the procedure for calculating the amount of bonuses shall be approved by the Company's Board of Directors.

The amount of quarterly bonuses subject to meeting the set KPI values accounts for up to 0.5 of the official salary. The amount of annual bonuses subject to meeting established KPI values is up to 6 (six) official salaries.

In addition to the above, regulations on monetary incentives for Senior Managers provide for the following one-off bonuses:

- a bonus for reaching a certain indicator established by the Company's Board of Directors (a special bonus);
- a bonus for performing particularly important tasks;
- a bonus in the case that a senior manager receives a state, industrial, and/or corporate award.

The total amount of payments made to all persons that were members of the Company's Management Board, including the Chairman of the Management Board, in 2013, thousand rubles

Type of remuneration	2013
Salary	55,033
Extra payment	19,716
Bonuses	13,675
Employment Termination Payments	4,991
Pension and Medical Insurance	2,215
Total	95,630

Changes in the Management Board

By resolution of the Board of Directors dated December 28, 2012 (Minutes No. 63 dd. December 29, 2012) the following people were elected as members of the Board: Chief Accountant Larisa Vladimirovna Klisch, Deputy General Director for Production - Chief Engineer Konstantin Vladimirovich Moskvín.

By resolution of the Board of Directors dated March 06, 2013 (Minutes No. 68 dd. March 07, 2013) authorities of the following members of the Management Board were terminated from the date of the resolution adoption: Alexander

Stepanovich Kolesnikov, Sergey Evgenyevich Ivanin, Anatoly Viktorovich Yakovlev. New Management Board members were elected – Branch Director of JSC “OGK-2” – Novocherkasskaya GRES Vladimir Grigoryevich Lukyanov, Branch Director of JSC “OGK-2” – Surgutskaya GRES-1 Oleg Vladimirovich Vergeychik.

By resolution of the Board of Directors dated February 03, 2014 (Minutes No. 93 dd. February 06, 2014) authorities of the following member of the Management Board were terminated from the date of the resolution adoption: Viktor Viktorovich Svistunov.

Members of the Management Board as of December 31, 2013

Denis Nikolaevich Bashuk
(Chairman)



Year of birth: 1971
Education: higher
Employment for the past 5 years:

from 2008 to 2009
LLC “Gas energy Company”
Head of Production Department
from 2009 to 2009
LLC Gazprom Energoholding
Head of Production Department
from 2009 to 2012
LLC Gazprom Energoholding
Production Director
from 2011 to 2012
JSC “OGK-2”
Member of the Board of Directors' Strategy and Investment Committee, Chairman of the Board of Directors' Reliability Committee
from 2012 to present
JSC “OGK-2”
General Director, Chairman of the Management Board
from 2013 to present
JSC “OGK-2”
Member of the Board of Directors

Owned no shares of JSC “OGK-2”
as of December 31, 2013.

Natalia Vasilyevna
Vaytulenis



Year of birth: 1959
Education: higher
Employment for the past 5 years:

from 2008 to present
JSC “OGK-2”
Deputy General Director for Economics and Finance, Member of the Management Board, Member of the Board of Directors' Strategy and Investment Committee
from 2010 to 2011
JSC “OGK-6”
Deputy General Director for Economics and Finance, Member of the Management Board

Owned no shares of JSC “OGK-2”
as of December 31, 2013.

Oleg Vladimirovich
Vergeychik



Year of birth: 1970
Education: higher
Employment for the past 5 years:
.....
from 2007 to 2011
JSC "OGK-6" (the JSC "OGK-6" branch –
Krasnoyarskaya GRES-2)
Deputy Director - Chief Engineer
.....
from 2011 to february 2013
JSC "OGK-2" (the JSC "OGK-2" branch – Pskovskaya GRES)
Branch Director
.....
february 2013 to present
JSC "OGK-2" (the JSC "OGK-2" branch –
Surgutskaya GRES-1)
Branch Director
.....
from march 2013 to present
JSC "OGK-2"
Member of the Management Board
.....

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Sergey Sergeevich
Erashov



Year of birth: 1975
Education: higher
Employment for the past 5 years:
.....
from 2003 to 2012
Ministry of Internal Affairs of the Russian Federation
Senior staff
.....
from 2012 to present
JSC "OGK-2"
**Deputy General Director for Corporate Security,
Member of the Management Board**
.....

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Larisa Vladimirovna
Klisch



Year of birth: 1975
Education: higher
Employment for the past 5 years:
.....
from 2005 to present
JSC "OGK-2"
**Head of the Department of tax accounting, Deputy
Chief Accountant for tax accounting, Deputy
Chief Accountant, First Deputy Chief Accountant,
Chief Accountant**
.....
from 2013 to present
JSC "OGK-2"
Member of the Management Board
.....

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Vladimir Grigoryevich
Lukyanov



Year of birth: 1948
Education: higher
Employment for the past 5 years:
.....
from 2006 to 2011
JSC "OGK-6" (the JSC "OGK-6" branch –
Novocherkasskaya GRES)
Branch Director
.....
from 2011 to present
JSC "OGK-2" (branch JSC "OGK-2" –
Novocherkasskaya GRES)
Branch Director
.....
from march 2013 to present
JSC "OGK-2"
Member of the Management Board
.....

Owned 0.00002 % of shares of JSC "OGK-2"
as of December 31, 2013.

Margarita Ivanovna
Mironova



Year of birth: 1964
Education: higher
Employment for the past 5 years:

from 2005 to present
LLC "Gazprom mezhregiongaz"
**Head of Internal Audit Department,
Deputy Director General**

from 2008 to 2013
JSC "OGK-2"
Member of the Audit Commission

from 2008 to present
JSC "Mosenergo"
**Head of Internal Audit, Deputy General Director
for competitive procurement**

from 2010 to 2012
LLC Gazprom Energoholding
Head of Internal Audit Department

from 2012 to present
JSC "OGK-2"
Deputy General Director for competitive procurements

from 2013 to present
JSC "OGK-2"
Member of the Management Board

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Konstantin Vladimirovich
Moskvin



Year of birth: 1961
Education: higher
Employment for the past 5 years:

from 2005 to 2011
JSC "OGK-3"
**Head of Production Subdivision, Head of the Production
and labor protection Department, Head of the
Department for operation and production safety,
Deputy General Director for Technical Policy**

from 2012 to 2012
JSC "OGK-2" (the JSC "OGK-2" branch –
Surgutskaya GRES -1)
Branch Director

from 2012 to present
JSC "OGK-2"
Member of the Board of Directors' Reliability Committee

from 2013 to present
JSC "OGK-2"
**Deputy General Director for Production – chief
engineer, Member of the Management Board**

Owned 0.000001 % of shares of JSC "OGK-2"
as of December 31, 2013.

Sergey Anatolyevich
Sizev



Year of birth: 1962
Education: higher
Employment for the past 5 years:

from 2008 to 2011
JSC "OGK-6"
**Deputy General Director for Investments,
Member of the Management Board**

from 2010 to 2010
JSC "OGK-2"
Adviser to the Director General

from 2010 to 2011
JSC "OGK-2"
**Deputy General Director for Major Construction,
Member of the Management Board**

from 2011 to present
LLC "OGK-Investproject"
Member of the Board of Directors

from 2011 to present
JSC "OGK-2"
**Deputy General Director for Investments,
Member of the Management Board**

from 2013 to present
JSC "OGK-2"
**Member of the Board of Directors' Strategy
and Investment Committee**

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Viktor Viktorovich
Svistunov



Year of birth: 1970
Education: higher
Employment for the past 5 years:

from 2008 to 2011
JSC "OGK-2"
**Deputy General Director for IT and Energy Markets,
Member of the Management Board**

from 2010 to 2011
JSC "OGK-6"
Adviser to the Director General

from 2012 to 2013
JSC "OGK-2"
**Deputy General Director for the wholesale market,
Member of the Management Board**

from 2013 to 2013
JSC "OGK-2"
**Deputy General Director for Marketing and Sales,
Member of the Management Board**

from 2013 to 2014
JSC "OGK-2"
**Deputy General Director for Energy Markets and Fuel
Support, Member of the Management Board**

Owned no shares of JSC "OGK-2"
as of December 31, 2013.

Audit commission

The Company's Audit Commission is elected by the General Shareholders' Meeting to supervise the Company's financial and economic activities. The Audit Commission is a collegial body comprising five persons. The Audit Commission's activities are regulated by the Charter and the Regulations on the Audit Commission.

For participating in the audit of financial and economic activities a member of the Audit Commission is paid a lump-sum remuneration amounting to twenty-five minimum monthly base rates of a first category worker fixed by the Industry Pay Rate Agreement as of the audit period with indexation applied in accordance with the Industry Pay Rate Agreement.

The remuneration indicated herein is paid within a week of drawing up a report on the results of the audit.

The procedure and deadlines for the payment of bonuses are established by the Company's Board of Directors.

The remuneration paid to the Head of the Audit Commission has increased by 50 %. Members of the Audit Commission are indemnified against expenses related to participation in meetings of the Audit Commission and audits as per the indemnification rates for travel expenses in effect at the time of meetings or audits.

In 2013, members of the Audit Commission were paid remuneration of: 654 thousand rubles.

From June 22, 2012 to May 27, 2013, the Audit Commission elected by resolution of the Annual General Shareholders' Meeting of JSC "OGK-2" (Minutes No. 5 dd. June 25, 2012) operated in the Company with the following membership:

- Nikolay Nikolaevich Gerasimets;
- Evgeniy Nikolayevich Zemlyanoy;
- Petr Vadimovich Korunov;
- Yury Andreevich Linovitskiy;
- Margarita Ivanovna Mironova.

On May 28, 2013, the Annual General Meeting of Shareholders of JSC "OGK-2" (Minutes No. 6 dd. May 31, 2013) elected the Company's Audit Commission with the following membership:

Nikolay Nikolayevich Gerasimets
(Chairman)

Year of birth: 1973
Education: higher
Employment for the past 5 years:

from 2007 to 2010
JSC "Gazprom"
Deputy Head of the Internal Audit Subdivision of JSC "Gazprom" Administration of the Internal Audit Division, Department of Internal Audit and control over financial and economic activity of subsidiaries and entities of the Management Committee Administration of JSC "Gazprom"

from 2010 to present
JSC "Gazprom"
Head of Information Support of Organizational Management, Department of Internal Audit of the Management Committee Administration of JSC "Gazprom"

from 2010 to 2012
JSC "OGK-2"
Member of the Audit Commission

from 2012 to present
JSC "OGK-2"
Chairman of the Audit Commission

Owned no shares of JSC "OGK-2" as of December 31, 2013.

Yuri Andreyevich
Linovitsky

Year of birth: 1983
Education: higher
Employment for the past 5 years:

from 2007 to 2010
CJSC BDO Unicon
Consultant, Chief Consultant of tax and legal consulting practice

from 2010 to 2013
LLC Gazprom Energoholding
Chief Specialist, Deputy Head of the Internal Audit Division, Acting Head of Department, Head of Internal Audit Department

from 2011 to present
JSC "OGK-2"
Member of the Audit Commission

from 2012 to present
JSC "TGC-1", JSC "Mosenergo"
Member of the Audit Committee

from 2013 to present
LLC "Gazprom personnel"
Head of Internal Audit Department LLC Gazprom Energoholding – Project Internal Audit of LLC "Gazprom personnel"

Owned no shares of JSC "OGK-2" as of December 31, 2013.

Evgeniy Nikolayevich
Zemlyanoy

Year of birth: 1985
Education: higher
Employment for the past 5 years:

from 2007 to 2009
JSC "Gazprom"
Chief Specialist of the Subdivision of Electricity Sector Development

from 2008 to present
JSC "OGK-2", JSC "Mosenergo", JSC "TGC-1"
Member of the Audit Commission

from 2009 to present
JSC "Gazprom"
Deputy Head of the Subdivision of Power Industry Marketing of the Division of Power Sector Development and Power Industry Marketing of the Department of Marketing and Processing of Gas and Liquid Carbohydrates

from 2010 to present
JSC "Khibinskaya heating company", JSC "Murmansk heating systems"
Member of the Board of Directors

from 2011 to present
JSC «Centerenergyholding»
Member of the Board of Directors

from 2011 to present
LLC "Mezhregionenergostroy"
Chairman of the Board of Directors

from 2012 to present
JSC «Heating network of Saint-Petersburg"
Member of the Board of Directors

from 2012 to present
JSC "OGK-2"
Member of the Board of Directors' Strategy and Investment Committee

from 2013 to present
JSC "MOEK"
Member of the Board of Directors

from 2014 to present
LLC Gazprom Energoholding
Deputy General Director for Economics and Finance

Owned 0.004 % of shares of JSC "OGK-2" as of December 31, 2013.

Auditor

The Company's Auditor is approved annually by the General Shareholders' Meeting to audit the Company's financial and economic activities in accordance with the legal regulations of the Russian Federation on the basis of a contract concluded with the former. The amount of payment provided for the services of the Auditor is determined by the Company's Board of Directors.

Amount of payment for auditing services in 2013

Subject of the Agreement	Sum of services rendered in 2013*, thousand rubles.	Sum of services paid for in 2013*, thousand rubles.
Rendering audit services to verify the financial statements prepared in accordance with the requirements of Russian legislation (RAS) and the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for 2012	11,789	7,499
Rendering audit services to verify the financial statements prepared in accordance with the requirements of Russian legislation (RAS) and the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for 2013	2,704	-
Total	14,493	7,499

* Amounts of paid and rendered audit services are provided inclusive of VAT.

Irina Vyacheslavovna
Ilishkina

Year of birth: 1968
Education: higher
Employment for the past 5 years:

from 2009 to 2010
CJSC "Amfora"
Deputy Financial Director

from 2010 to 2011
LLC "Trading House RZD"
Head of methodological department

from 2011 to present
JSC "Gazprom"
Deputy Head of Organizational Management Division of the Department of Internal Audit, Management Committee Administration of JSC "Gazprom"

from 2013 to present
JSC "OGK-2"
Member of the Audit Commission

Owned no shares of JSC "OGK-2" as of December 31, 2013.

Petr Vladimirovich
Korunov

Year of birth: 1978
Education: higher
Employment for the past 5 years:

from 2008 to present
JSC "Gazprom"
Chief Economist of the Subdivision of Control over Financial and Economic Activities of Gas Supply Companies, Administration of control over activities of the organizations working to ensure the gas supply system

from 2010 to present
JSC "OGK-2"
Member of the Audit Commission

Owned no shares of JSC "OGK-2" as of December 31, 2013.

By resolution of the Annual General Shareholders' Meeting of JSC "OGK-2" dated June 22, 2012 (Minutes No. 5 dd. June 25, 2012) Closed Joint-Stock Company KPMG was appointed the Company's Auditor. By resolution of the Annual General Shareholders' Meeting of JSC "OGK-2" dated May 28, 2013 (Minutes No. 6 dd. May 28, 2013) Closed Joint-Stock Company PricewaterhouseCoopers-Audit was appointed the Company's Auditor.

8. Our Team

The main aims of HR policy in 2013:

- ensuring competitive performance in terms of workforce composition and the level of proficiency and training of employees;
- implementing the cost management project;
- securing personnel to key positions and occupations;
- working with reserve staff on lead specialist and management positions;
- providing a competitive salary level and social benefits and guarantees in the regions where our branches are located.

Headcount

9,037
people

34,860

Expenditure on educating
and retraining personnel

thousand
rubles

The personnel policy of JSC "OGK-2" is based on the principle of systemic approach to the work with personnel which predetermines the interdependence of the processes of optimum selection, placement and rotation of personnel within a single production and technological complex.

The main aims of HR policy in 2013:

- increasing the quality of personnel by attaining competitive targets (optimal number of personnel; optimal personnel category ratio: workers, specialists, managers; optimal age makeup; optimal level of personnel turnover; and optimal selection of employees by professional level and education);
- implementing the cost management project;
- securing personnel to key positions and occupations;
- working with reserve staff on lead specialist and management positions;
- providing a competitive salary level and social benefits and guarantees in the regions where our branches are located.

The main tasks for 2014:

- implementing the program of operational efficiency;
- participating in the creation of a unified HRs management system "Personnel Management";
- ensuring stable social and work relations during events aimed at recruiting the optimal number of employees;
- standardization of the HR document management system and organizational work at the Company's branches;
- organizing and carrying out collective negotiations with representatives of labor unions in order to conclude a new JSC "OGK-2" Collective Labor Agreement.

8.1. Personnel Structure

9,037

Persons

The total number of employees of JSC "OGK-2" as of December 31, 2013

A total of 9,037 persons were employed at JSC "OGK-2" as of December 31, 2013, including 1,563 managers, 2,094 specialists, 54 office workers and 5,326 workers.

The number of employees by branch and executive body of JSC "OGK-2", in 2012-2013, persons

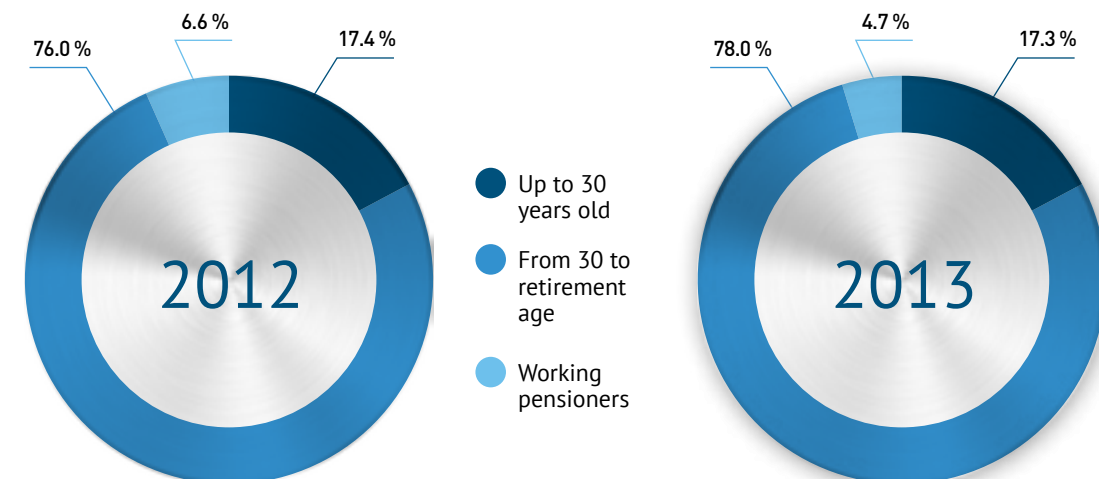
Branch	2012	2013	change, %
Surgutskaya GRES-1	1,031	974	0.94
Ryazanskaya GRES	1,327	1,192	0.89
Kirishskaya GRES	836	818	0.97
Stavropolskaya GRES	899	800	0.89
Troitskaya GRES	1,490	1,267	0.85
Novocherkasskaya GRES	1,253	1,122	0.89
Krasnoyarskaya GRES-2	1,010	893	0.88
Cherepovetskaya GRES	564	580	1.03
Serovskaya GRES	551	522	0.94
Pskovskaya GRES	394	355	0.90
Adlerskaya TPP	169	188	1.11
Executive Office	328	326	0.99
Total	9,852	9,037	0.92

As a result of the realization of a costs management project by for one line of management – the increasing of labor productivity of operating personnel, on the basis of introduction of a typical model for the structure of operating personnel of principal production facilities has allowed to cut staffing positions by means of expansion of service areas, as well as to cut the number of personnel due to implementation of the Program of Dismissal of Employees Reaching the Retirement Age.

Personnel according to category, persons

Category	December 31, 2012	December 31, 2013
Managers	1,593	1,563
Specialists	2,211	2,094
Office workers	79	54
Workers	5,969	5,326

Age profile of personnel



In 2013, the share of employees aged up to 30 years old was 17.3 % and the share of working pensioners was 4.7 %. The reduction was due to the optimization of the number and the program of redundancies of workers, who have reached the retirement age. It helps to have experienced, stable and promising personnel at the same time.

17.3 %

The share of employees aged up to 30 years old in 2013

Education level

In 2013, the share of Company employees having completed higher education was 47.5 %, and the share of employees having undergone vocational training was 29.4 %

The Company's management recognizes the importance of continuous education and further training of its staff. In 2013, expenditure on educating and re-training personnel totaled 34,860.652 thousand rubles.

In 2013, the share of personnel who trained and/or retrained during a break from work was 35.76 % of the total number of the Company's personnel.

In accordance with the agreements concluded between the Company and its employees, 39 employees at the branches have completed a higher education course and/or vocational training at the expense of JSC "OGK-2".

8.2. Pension Program

In order to ensure the social security of the Company's workers and veteran employees, a system of Nongovernmental Pension Programs (NPPs) is implemented at the Company in accordance with the principles contained in the strategy of the Nongovernmental Pension Plan for the Company's employees.

The Nongovernmental Pension Program for employees of JSC "OGK-2" is designed to provide an adequate quality of life for the Company's employees of retirement age and to efficiently resolve staff issues related to attraction, retention and motivation of personnel. The base nongovernmental pension fund for the realization of the NPP system for employees of JSC "OGK-2" is the Nongovernmental Pension Fund of the Power Industry (NPFPI) and Non-governmental Pension Fund "GAZFUND".

The NPP system for employees of JSC "OGK-2" includes corporate and parity financing.

The corporate financing program embodies pension programs in the context of which the Company arranges additional NPPs for its employees using internal funds on the basis of the respective Regulations on the NPP and the NPP contract concluded with the Nongovernmental Pension Fund. 50-60 % of the Company's employees are participants in the corporate financing program as a part of the NPP system.

The parity financing program is based on the principle that employee and employer are able to finance the individual pension for the employee jointly and in equal proportions.

In 2013, the total amount of financing of all the Company's joint accounts opened with the NPFPI and its branches was 49.013 million rubles.

9. Environmental Protection

The actual negative impact on the environment in the reporting year was lower than the previous year and coincides with the reduction of power generation and the balance of fuel burnt. This level is below the targets for 2013.

13

Decrease of waste
formation volume
%

17.6

Decrease of atmospheric
pollutant emission
%

22.3

Decrease of water
pollutants emission
%

338.4

Environmental
protection costs
million
rubles

9.1. Environment Impact

JSC “OGK-2” has constantly paid attention to ecological and environmental issues. The Company allocates significant funds annually to improve environmental conditions in the areas of industrial activity of its branches and protect the environment.

The negative impact on the environment generated by the branches of “OGK-2” as a result of their production

activities depends mainly on the level of generated energy and the utilized fuel (its balance and quality).

The actual negative impact on the environment in the reporting year was lower than the previous year and coincides with the reduction of power generation and the balance of fuel burnt. This level is below the targets for 2013.

Index	Physical Volume 2013 r., tons			% of fulfilment
	plan	actual		
		total	over-limit inter se	
Atmospheric pollutant emission	421,587.07	347,174.06	10,905.81	82.4
Discharges of water pollutants	26,342.52	20,464.60	14,380.4	77.7
Waste formation, total, including:	4,155,516.37	3,093,957.07	70,136.07	74.5
ash-and-slag waste	2,961,565.47	2,961,565.47	67,337.00	73.1

Thus, pollutants emitted into the atmosphere amount to 347.174 tons, which is 12 % below the level of 2012. At the same time, there was a slight increase in the specific emissions of ash at the Serovskaya and Troitskaya GRES, the reason of which is the use of technological fuel (coal) of a lower quality.

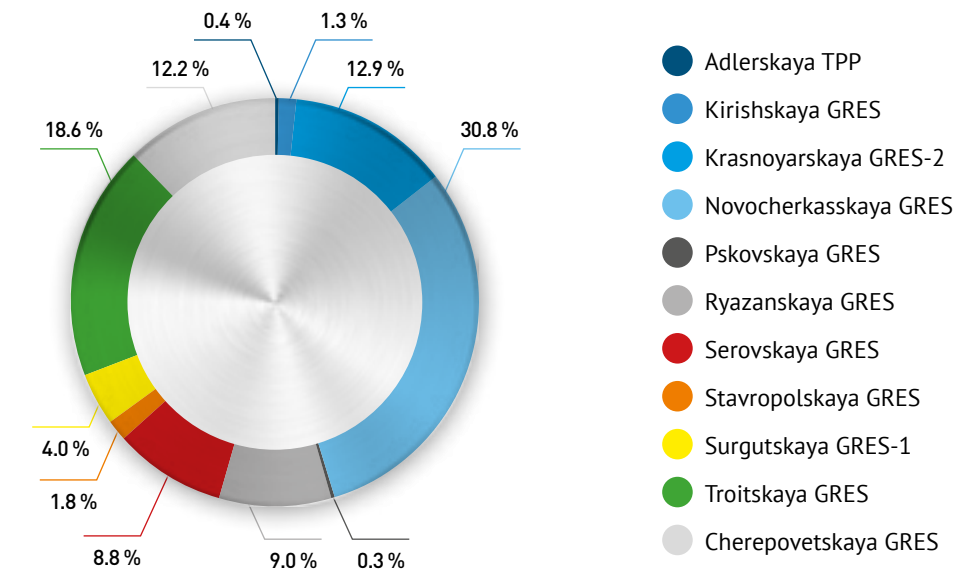
Dynamics of atmospheric pollutant emission, tons per year

Type of pollutant	The emission of pollutants with no purification, total	Including from organized sources of pollution	Pollutants received by the purification plants	Among them, found and neutralized	Among them, utilized	Total emission of pollutants to the atmosphere, per year
Total	185,813.094	185,422.905	3,296,546.519	3,135,185.541	1,252,683.536	347,174.072
Solids	141.830	17.840	3,201,759.385	3,121,866.745	1,251,847.304	80,034.470
Liquid and Gases:	185,671.264	185,405.065	94,787.134	13,318.796	836.232	267,139.602
sulfur dioxide (SO2)	88,781.195	88,763.702	86,523.414	12,529.612	836.232	162,774.997
carbon monoxide (CO)	32,779.566	32,758.598	0.000	0.000	0.000	32,779.566
nitric oxide (in terms of NO2)	62,934.823	62,876.105	8,263.720	789.184	0.000	70,409.359

Dynamics of emission of specific pollutants, tons per year

Type of pollutant	Released into the atmosphere during the reporting year
Benzopyrene	0.020
Nitric oxide	8,821.933
Nitrogen dioxide	45,058.677
Ash from solid fuel boilers	74,778.447
Coal dust (coal pile dusting)	140.074
Ash solid fuel (ash dusting)	12.664
Fuel oil ash (V2)	4.766
Other specific pollutants - total	3,195.768

The distribution of pollutant emission of the branches of JSC “OGK-2”



Total waste generated amounts to 3,093,950 thousand tons, which makes 87 % of the level of the previous year. The great bulk of waste is ash-and-slag waste that is generated from burning coal and which is stored at the ash dumps of the branches. The reduction of waste has took place mainly due to the decrease in ash-and-slag waste (ASW), the amount of which depends on the ratio gas and coal in the fuel mix, and the ash content of the latter.

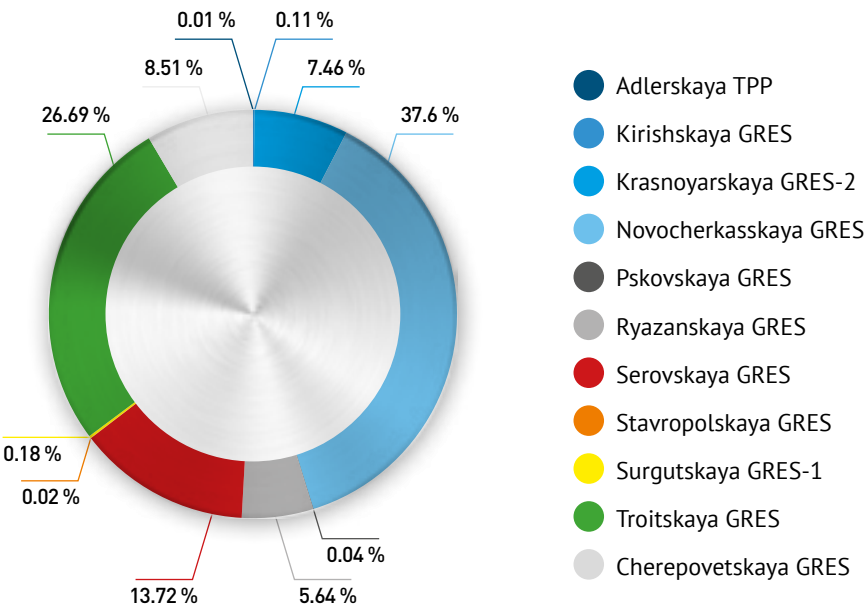
The volume of waste had decreased by

13 %

Generation, disposal, transportation and storage of waste, tons per year

Name of waste types, grouped by hazard class	The amount of waste at the beginning of the reporting year	Waste generated in the reporting year	Waste received from other companies, total	Waste utilization	Waste neutralization	Waste turned over to other companies, total	Waste stored at the Company's facilities during the reporting year, total	The amount of waste at the end of the reporting year
Waste of all Hazard Classes, total	94,844,765.25	3,093,953.59	5,839.20	104,158.13	2.04	71,796.58	2,941,881.44	97,027,973.20
Hazard Class 1, total	0.85	10.85	0.00	0.00	0.00	11.16	0.00	0.54
Hazard Class 2, total	202.83	1.04	0.00	0.00	0.20	201.71	0.00	1.96
Hazard Class 3, total	10.47	931.36	0.00	195.73	1.84	722.40	0.00	21.86
Including: Ash-and slag waste from coal combustion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hazard Class 4, total	32,027.44	183,019.67	5,764.30	2,249.20	0.00	45,434.42	149,076.40	25,018.26
Including: Ash-and slag waste from coal combustion	0.00	169,353.46	0.00	0.00	0.00	34,178.50	135,174.96	0.00
Hazard Class 5, total	94,812,523.66	2,909,990.67	74.90	101,713.20	0.00	25,426.90	2,792,805.04	97,002,930.57
Including: Ash-and slag waste from coal combustion	94,672,681.36	2,792,215.00	0.00	0.00	0.00	11,450.00	2,791,715.00	96,861,936.37

Distribution of waste generated by the branches of JSC “OGK-2”



As the diagrams show, the largest amount of emissions into the atmosphere and the amount of waste fall at the Novocherkasskaya, Trpoitskaya and Serovskaya GRE, the power plants fueled by solid fuel.

In 2013, the mass of the pollutants discharged into surface water bodies was 18,820.54 tons, or 83.5 % compared to the level of the previous year, due to lower electricity output.

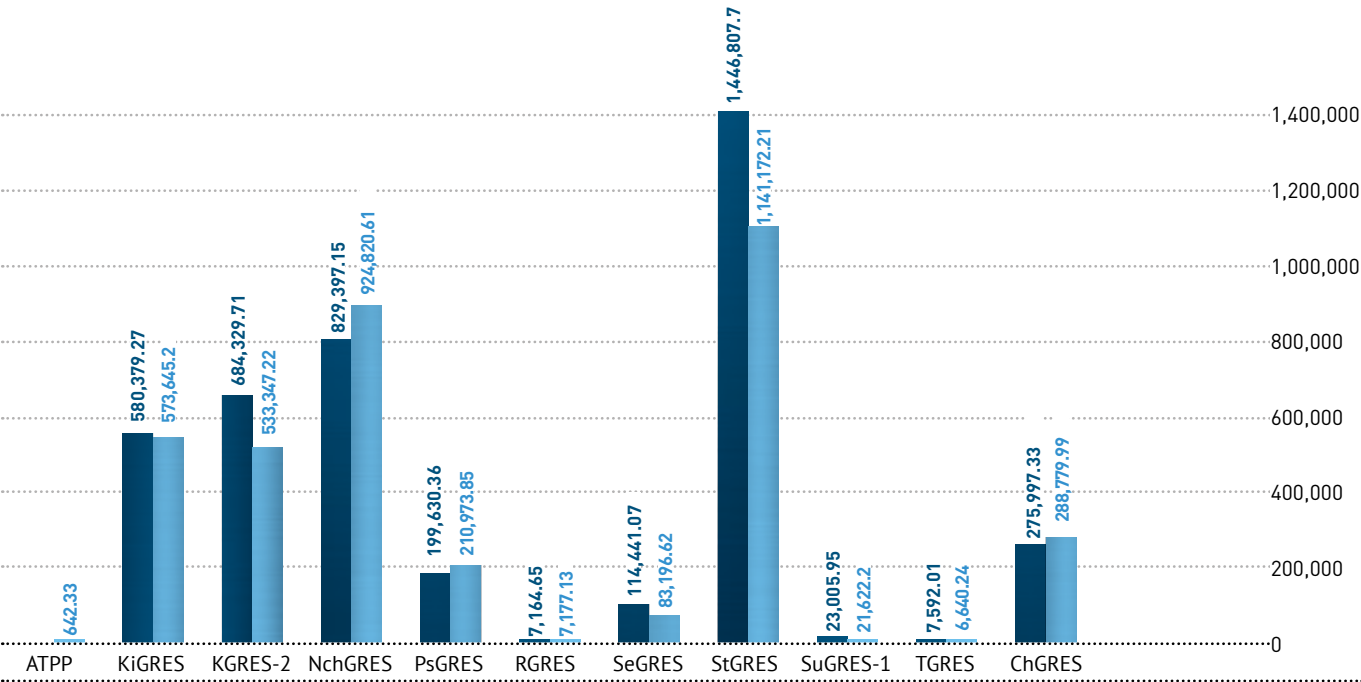
Water consumption and wastewater volume

Total abstraction of water (from surface and underground water sources and water conduits) totaled 3,792,017.6 thousand m³, which is 9 % less than the year before. The major amount of this water was taken from the surface water bodies, i.e. 3,781,462.1 thousand m³. Mainly water is used for cooling manufacturing equipment. 3,758,620.1 thousand m³ of water have been spent on this.

In 2013, the payments for water consumption amounted to 1,260,800,000 rubles.

The volume of wastewater corresponds to the level of water consumption.

Comparison of total water consumptions by the branches of JSC “OGK-2” in 2012 and 2013, thousand m³



Information on water use (water taken from the natural sources, water obtained from other companies, water transferred, etc.), thousand m³

Type of source	Water intake or obtained water, total	Limit of the water consumption	Water consumed, total	Including for business needs and drinking	Including for production needs	Transferred to other companies without use	Transferred to other companies after use
Water taken and obtained water, total, including	3,792,017.602		3,782,232.652	3,253.604	3,778,760.198	9,198.090	4,826.800
from surface sources	3,781,462.100	6,584,565.620	3,778,479.900	x	x	x	x
from the city water conduits	7,381.352		2,009.682	x	x	x	x
from underground sources	3,174.150	5,882.790	1,743.070	x	x	x	x

9.2. Current Costs on Environmental Protection Activities

In 2013, the negative impact on the environment has been actually paid at the amount of 338.4 million rubles (an increase of 4.6 % compared to 2012). Despite the environmental impact mitigation, some above-the-limit payments were made, which were caused largely by lack of permissions (or untimely permissions) for new objects. In the third quarter all permissions for the Adler TPP were obtained and the power plant moved away from the above-the-limit payments. The Cherepovetskaya GRES issued a wastewater discharge permission for a newly commissioned wastewater discharge system No. 2, which also makes this plant move away from the above-the-limit payments.

Actual environmental payments in 2013, thousands rubles

Type of payment	Actual payment per year
Payment for allowable emissions (discharge), total, including:	264,193.291
into water bodies	2,448.574
into the air	42,726.493
for waste disposal	219,018.224
Payment for excess emissions (discharge) of pollutants (waste disposal), total, including:	74,213.768
into water bodies	12,872.456
into the air	15,424.510
for waste disposal	45,916.802
Payment for allowable and excess emissions (discharge) of pollutants (waste disposal)	338,407.059

In the reporting year, as before, significant funds were allocated to environmental activities, including on those carried out on the ash dump of the Troitskaya GRES located on the territory of the Republic of Kazakhstan. It works on the ash dump reclamation, dust control, and monitoring.

Current environmental protection costs, thousand rubles

Type of payment	Actual payment per year
Current environmental protection costs, total, including:	348,642.038
including payments to other enterprises (organizations) for the reception and treatment of wastewater	24,092.893
for the air protection	80,022.654
for environmental protection (of land) from the production and consumption waste	63,050.446
including payments to other enterprises (organizations) for the reception, storage and disposal of waste	15,904.086
for the land reclamation	55,722.000

9.3. Environmental Protection Activities

In the reporting year, a large scale of environmental activities was performed by the branches.

In order to reduce emissions of pollutants into the atmosphere, in 2013 the following activities were carried out:

Krasnoyarskaya GRES-2

- major repairs of the internal cyclone elements of the cyclone ash catchers of the boilers No. 2A, 2Б, 7A, 8A, 8Б and of the fuel exhausts I-AK-2A, I-AK-2Б, I-AK-5A, I-AK-5Б, I-AK-7A, I-AK-7Б, I-AK-8A, I-AK-8Б, II-AK-10A, II-AK-10Б; ongoing repairs of the ash catchers of boilers No. 4A and 8A, and of the fuel exhausts II-AY-4A, II-AY-4Б.

Novocherkasskaya GRES

- reconstruction of gas and fuel oil pipelines No. 2 and 5.

Serovoskaya GRES

- thorough and medium repairs of the ash catchers of the boilers No. 2, 3, 4, 9, and 11. (As a result of this work, emissions of coal ash have decreased by 35.315 tons).

Stavropolskaya GRES

- installation of direct flow low-emission burners with gas control systems during the reconstruction of gas supply systems at the power units No. 10 and No. 13.

Troitskaya GRES

- testing of the ash catchers and exhaust systems of the boilers of 1, 2 and 3 lines.

Besides this, the branches of JSC "OGK-2" took a number of measures to protect the surface water bodies and reduce the discharge of pollutants, which are as follows:

Krasnoyarskaya GRES -2

- cleaning of the water protection zone of the plant; cleaning of drainage trenches and intercepting channels; repair of the sewage equipment containing oily waste.

Novocherkasskaya GRES

- dredging of the supply channel.

Stavropolskaya GRES

- strengthening of the reservoir shores and of the slopes of discharge and feeding channels.

In order to reduce the number of the ash waste stored and thus save, the usable capacity of the ash dumps of the existing branches that operate on coal, some measures were taken for the shipment of this waste from the ash disposal zones and the discharge of dry ash directly out of electrostatic precipitators.

The JSC "OGK-2" branch - Troitskaya GRES carried out a considerable amount of work on reclamation of the first and second sections of the ash dump located on the lake Shubarkul in the Republic of Kazakhstan. This also included works on the dust suppression by means of seeding perennial grasses and on the protection of land from water erosion (in the same ash disposal area).

In 2013, the branches of JSC "OGK -2" were repeatedly audited in terms of its environmental management, including by the environmental authority of the Republic of Kazakhstan. Identified violations are being eliminated, and the imposed fines have been paid.

No research and development work in the field of environmental protection was conducted in 2013.

10. Financial Statements

136,679

Value of the Company's assets
as of December 31, 2012

billion
rubles

154,680

Value of the Company's assets
as of December 31, 2013

billion
rubles



10.1. Audit Report for the 2013 Financial Statements in Accordance with Russian Accounting Standards (RAS)

Open Joint-Stock Company “The Second Wholesale Power Market Generating Company”

Audit report for the 2013 financial statements

Audit report

For auditors of Open Joint-Stock Company “The Second Wholesale Power Market Generating Company”:

Audited entity

Open Joint-Stock Company “The Second Wholesale Power Market Generating Company”.

Added to the Uniform State Register of Legal Entities by the Inspectorate of the Federal Service of Russia for the Izobilnensky District of the Stavropol Territory for No. 1052600002180 as of March 9, 2005.

Legal address: Solnechnodolsk settlement, 356128, Izobilnensky District, Stavropol Territory, Russian Federation.

Location: Bldg. 3, 101 Vernadskogo Prospect, Moscow, 119526, Russian Federation

Auditor

Closed Joint-Stock Company “PricewaterhouseCoopersAudit” (CJSC “PwC Audit”).

Location: 10 Butyrsky Val St., Moscow, 125047, Russian Federation.

State Registration Certificate of Joint-Stock Company No. 008.890 was issued by the Moscow Registration Chamber as of February 28, 1992.

Certificate of an entry to the Uniform State Register of Legal Entities of the legal entity which is registered before July 1, 2002 for No. 1027700148431 as of August 22, 2002 issued by the Interdistrict Tax Inspectorate of the Ministry of Taxes and Levies No.39 of Moscow.

The member of the non-commercial partnership “Audit Chamber of Russia” (NP ACR), which is a self-regulatory audit organization with the Registration number No. 870 in the Register of the NP ACR members.

The main Registration Number of Entry (RNE) in the Register of Auditors and Audit Organizations is No. 10201003683.

Audit report

For auditors of Open Joint-Stock Company “The Second Wholesale Power Market Generating Company”:

We have audited the accompanying consolidated financial statements of Joint-Stock Company “The Second Wholesale Power Market Generating Company” (hereinafter – the Company) which comprise the balance sheet as of December 31, 2013, financial statements report, report on changes in equity and report on cash flows in 2013, as well as notes to the balance sheet and financial statements report (hereinafter all the reports together are named “financial statements”).

The Company's responsibility for financial statements

The Company's Management is responsible for composition and accuracy of the abovementioned financial statements in accordance with International Financial Reporting Standards and for the internal control system which is necessary for accounting without any significant distortion due to unethical practices or mistakes.

Auditors' responsibility

Our responsibility is to express opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Federal Financial Reporting Standards and International Financial Reporting Standards. These standards require that we comply with ethical requirements and plan and audit to obtain reasonable assurance that the consolidated financial statements are free from significant distortion.

Audit involves procedures to obtain audit evidence on figures and informational disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, based on the assessment of the risks of significant distortion due to unethical practices or mistakes. In the risk assessments we consider the internal control system which ensures composition and accuracy of the consolidated financial statements in order to select appropriate audit procedures and not to express opinion on the effectiveness of the internal control system. Audit also included evaluating the appropriateness of the accounting policies used and the accuracy of accounting figures provided by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained has sufficient basis to express opinion on accuracy of the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all significant respects, the

financial position of the Group as of December 31, 2013, results of its financial performance and its cash flows in 2013 in accordance with International Financial Reporting Standards.

Director General of CJSC “PricewaterhouseCoopersAudit”

February 28, 2014 Medvedeva T.S.



10.2. Balance Sheet of JSC “OGK-2” for 2013 in Accordance with RAS

Balance sheet

As of December 31, 2013

Form as per All-Russian Classifier of Management Documentation.

Date (dd mm yyyy)

Company: Open Joint-Stock Company “The Second Wholesale Power Market Generating Company” Businesses and Organizations

Taxpayer Identification Number Taxpayer ID

Type of activity Generation of electricity using heating plants Classifier of Economic Activities

Organizational and legal form / form of ownership Open Joint-Stock company / private ownership All-Russian Classifier of Legal Forms / All-Russian Classifier of Forms of Ownership.

Measurement unit thousand rubles All-Russian Classifier of Measurement Units

Location (address) Solnechnodolsk settlement, 356128, Izobilnensky District, Stavropol Territory, Russian Federation

<div>Balance sheet</div> <div>As of December 31, 2013</div>		Form as per All-Russian Classifier of Management Documentation.		Codes		
				0710001		
				31	12	2013
Company:	Open Joint-Stock Company “The Second Wholesale Power Market Generating Company”		Businesses and Organizations	76851389		
Taxpayer Identification Number			Taxpayer ID	2607018122		
Type of activity	Generation of electricity using heating plants		Classifier of Economic Activities	40.10.11		
Organizational and legal form / form of ownership	Open Joint-Stock company / private ownership		All-Russian Classifier of Legal Forms / All-Russian Classifier of Forms of Ownership.	1 22 47		16
Measurement unit	thousand rubles		All-Russian Classifier of Measurement Units	384		

Notes	Index	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
ASSETS					
I. NON-CURRENT ASSETS					
1.1	Intangible assets, including	1110	716,647	40,233	45,690
	intellectual property rights	1111	630,501	40,233	45,690
	others	1119	86,146	-	-
2.1	Fixed assets, including	1150	98,586,442	81,963,561	68,035,514
	Articles of fixed assets, including	1151	51,995,267	52,481,817	32,568,585
	land plots and natural resources sites	1152	66,551	66,551	64,407
	land plots and natural resources sites	1153	51,711,617	52,172,606	32,238,526
2.2	Capital investments in progress	1154	46,591,175	29,481,744	35,466,929
	Interest-bearing investments in tangible assets	1160	-	-	9,595
3.1	Financial investments, including	1170	2,473,997	2,761,531	1,653,641
	investments in subsidiaries	1171	24,713	24,713	554,703
	investments in dependent companies	1172	-	530,000	-
	investments in other companies	1173	581,342	66,358	87,280
	loans issued to companies for a period of more than 12 months	1174	1,048,344	1,061,055	13,016
	Deferred tax assets	1180	437,224	613,126	304,136
	Other non-current assets, including	1190	16,576,643	22,091,556	27,175,143
	VAT on acquired assets	1192	5,956	6,477	11,512
	Total for Section I	1100	118,790,953	107,470,007	97,223,719

Form as per All-Russian Classifier of Management Documentation
0710001 p.2

Notes	Index	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
ASSETS					
II. CURRENT ASSETS					
4.1	Reserves, including	1210	6,707,433	6,925,145	6,426,357
	raw materials, materials, and other similar assets	1211	6,629,541	6,846,761	6,348,326
	WIP costs	1213	3,268	3,758	2,447
	finished goods and goods for resale	1214	74,621	74,621	75,579
	shipped goods	1215	3	5	5
	VAT on acquired assets	1220	723,202	188,998	78,462
5.1	Accounts receivable, including	1230	18,553,584	15,689,236	13,635,025
	Accounts receivable (payment expected over 12 months after the reporting date),including.	1231	246,223	494,376	139,793
	buyers and customers	1232	62,191	382,811	20,718
	advances made	1233	130,577	1,703	83,297
	other debtors	1234	53,455	109,862	35,778
	Accounts receivable (payment expected within 12 months after the reporting date), including:	1235	18,307,361	15,194,860	13,495,232
	buyers and customers	1236	9,285,413	9,281,610	6,567,072
	advances made	1238	3,970,368	844,962	1,219,541
	other debtors	1239	5,051,580	5,068,288	5,708,619
3.1	Financial investments (except for monetary equivalents), including	1240	4,154,930	2,628,376	68,475
	loans issued for a period of less than 12 months	1241	16,113	3,195	3,368
	Cash and cash equivalents, including:	1250	5,747,280	3,751,338	337,851
	settlement accounts	1252	2,287,896	227,169	337,762
	other cash and cash equivalents	1259	3,459,384	3,524,169	89
	Other current assets	1260	3,147	26,614	6,235
	Total for Section II	1200	35,889,576	29,209,707	20,552,405
	BALANCE	1600	154,680,529	136,679,714	117,776,124

Form as per All-Russian Classifier of Management Documentation
0710001 p.3

Notes	Index	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
LIABILITIES					
III. CAPITAL AND RESERVES					
	Charter capital (share capital, authorized fund, partners, contributions)	1310	40,057,009	21,518,239	21,518,239
	Own shares acquired from shareholders	1320	(4,045,753)	(4,045,753)	(4,045,327)
	Reassessment of non-current assets	1340	210,297	210,313	210,505
	Capital surplus (without reassessment)	1350	60,094,783	55,632,598	55,632,598
	Reserve capital	1360	679,641	479,307	422,402
	Retained earnings (uncovered loss)	1370	10,139,252	5,856,421	1,963,359
	Total for Section III	1300	107,135,229	79,651,125	75,701,776
IV. LONG-TERM LIABILITIES					
	Loans and credits, including	1410	34,570,664	20,100,000	26,553,808
	credits from banks for which repayment is expected more than 12 months after the reporting date	1411	2,870,664	-	-
	loans for which repayment is expected more than 12 months after the reporting date	1412	31,700,000	20,100,000	26,553,808
	Deferred tax liabilities	1420	2,597,391	2,071,093	1,744,339
5.3	Other liabilities	1450	987,751	704,615	216,066
	Total for Section IV	1400	38,155,806	22,875,708	28,514,213
V. SHORT-TERM LIABILITIES					
	Loans and credits, including:	1510	2,643	3,200,360	5,554,467
	credits from banks for which repayment is expected within 12 months after the reporting date	1511	-	3,200,360	4,000,000
	loans for which repayment is expected within 12 months after the reporting date	1512	-	-	1,554,467
	current portion of long-term credits and loans	1513	2,643	-	-
5.3	Accounts payable, including:	1520	8,861,441	30,464,102	7,366,398
	suppliers and contractors	1521	7,543,384	5,834 819	5,961,951
	salaries payable	1522	384,798	284,317	277,029
	payables to state non-budgetary funds	1523	126,540	104,831	134,098
	taxes and duties payable	1524	497,643	935,333	344,850
	other creditors, including	1525	305,452	23,301,005	644,744
	advances received	1527	46,805	5,460	32,244
	other payables	1528	258,647	23,295,545	612,500
	income payable to shareholders (founders)	1529	3,624	3,797	3,726
	Deferred income	1530	9,486	10,209	11,013
7	Estimated liabilities	1540	515,924	478,210	628,257
	Total for Section V	1500	9,389,494	34,152,881	13,560,135
	BALANCE	1700	154,680,529	136,679,714	117,776,124

Director General

(signature)
D.N. Bashuk
(full name)



Chief Accountant

(signature)
L.V. Klisch
(full name)

February 28, 2014

Report on financial statements
2013

Form as per All-Russian Classifier
of Management Documentation.

Date (dd mm yyyy)

Company: **Open Joint-Stock Company "The Second Wholesale Power Market Generating Company"** Businesses and Organizations

Taxpayer Identification Number Taxpayer ID

Type of activity **Generation of electricity using heating plants** Classifier of Economic Activities

Organizational and legal form / form of ownership **Open Joint-Stock company / private ownership** All-Russian Classifier of Legal Forms / All-Russian Classifier of Forms of Ownership.

Measurement unit **thousand rubles** All-Russian Classifier of Measurement Units

Location (address) **Solnechnodolsk settlement, 356128, Izobilnensky District, Stavropol Territory, Russian Federation**

Index	Code	For the reporting period	For the same period of the previous year
Revenue	2110	111,588,943	104,058,330
from sale of electric power and capacity	2111	106,597,570	99,551,131
others	2118	4,991,373	4,507,199
Cost value of sales	2120	(99,695,585)	(94,393,041)
sale of electric power and capacity	2121	(95,490,935)	(90,358,330)
others	2128	(4,204,650)	(4,034,711)
Gross profit	2100	11,893,358	9,665,289
Administrative expenses	2220	(1,609,258)	(1,762,638)
Sales profit	2200	10,284,100	7,902,651
Income from participation in other companies	2310	2,804	2,387
Interest receivable	2320	359,730	98,615
Interest payable	2330	(1,769,247)	(1,944,649)
Other income	2340	1,472,350	1,540,639
Other expenses	2350	(4,442,707)	(2,335,733)
Reorganization expenses	2360	-	(172,351)
Profit before tax	2300	5,907,030	5,091,559
Income tax, including:	2405	(720,661)	(1,067,043)
current income tax	2410	(733,575)	(1,224,949)
income tax from the previous years	2411	12,914	157,906
including: from line 2405			
permanent tax liabilities (assets)	2421	241,455	66,489
change to deferred tax liabilities	2430	(526,298)	(326,754)
change in deferred tax assets	2450	(175,902)	308,996
Others	2460	(1,020)	(78)
Net profit	2400	4,483,149	4,006,680
Total financial performance for the period	2500	4,483,149	4,006,680
Basic earnings per share	2900	0.0509	0.0703

Director General

(signature)
D.N. Bashuk
(full name)



Chief Accountant

(signature)
L.V. Klisch
(full name)

February 28, 2014

11. Contact Information

11.1. Company Details

Full company name:	Company Second Wholesale Power Market Generating Company
Abbreviated company name:	JSC "OGK-2"
Taxpayer ID	2607018122
Tax Registration Reason Code	997450001
Industry Code as per ALL-Russian Classifier of Governmental Authorities	41002
ALL-Russian Classifier of Businesses and Organizations	76851389
ALL-Russian Classifier of Economic Activities	40.10.11
Director General	Denis Nikolaevich Bashuk
Chief Accountant	Larisa Vladimirovna Klisch
Address	Bldg. 3, 101 Vernadskogo Prospect, Moscow, 119526
Website	www.ogk2.ru

Bank details

Full company name of the credit organization:	Central Branch of BANK ROSSIYA (Open Joint-stock Company)
Abbreviated company name of the credit organization:	RUSSIA JSB OJSC
Location:	2A Rastrelli Sq., St. Petersburg, Russian Federation.
Taxpayer ID:	7831000122
BIC:	044030861
Credit organization's correspondent account number:	30101810800000000861
Account type:	settlement account
Account number:	40702810750004720

11.2. Contacts for Shareholders and Investors

Elena Nikolayevna Egorova (Deputy Head of the Management Board – Head of the Unit for Corporate Governance and Ownership for Corporate and Legal Work)	
Tel./fax	(495) 428-54-28
E-mail	EgorovaEN@ogk2.ru
Alina Zoriktuevna Rassmagina (Deputy Head of the Unit for Corporate Governance and Ownership for Corporate and Legal Work)	
Tel./fax	(495) 428-54-28
E-mail	RassmaginaAZ@ogk2.ru

11.3. Media Contacts

Dmitry Evgenyevich Filatov (Head of the Unit of Public Relations and Media Affairs)	
Tel./fax	(495) 428-53-07
E-mail	dfilatov@ogk2.ru

11.4. Auditor

Full company name:	Closed Joint-Stock Company "PricewaterhouseCoopersAudit"
Abbreviated company name:	CJSC "PwC Audit"
Location:	10 Butyrsky Val St., Moscow, 125047, Russian Federation
Mailing address:	10 Butyrsky Val St., Moscow, 125047, Russian Federation
Tel.:	(495) 967-60-00
Fax:	(495) 967-60-01
E-mail	hotline@ru.pwc.com
Website:	www.pwc.ru

11.5. Registrar

Information on the organization which registers the rights of the issuer to equity securities

Full company name:	Closed Joint-Stock Company Specialized Registrar – Holder of Registers for Gas Industry Stockholders»
Abbreviated company name:	CJSC SR-DRAGa
Location:	71/32 Novocheremushkinskaya St., Moscow, 117420, Russian Federation
Mailing address:	71/32 Novocheremushkinskaya St., Moscow, 117420, Russian Federation
Tel.:	(495) 719-40-44
Fax:	(495) 719-45-85, (495) 719-81-66
E-mail	info@draga.ru
Website:	www.draga.ru

Registrar License

License No. 10-000-1-00291. Issued on December 26, 2003 by the Federal Committee for the Securities Market

Valid until:	the license is valid for an indefinite period of time
Date from which the Register of the Issuer's Registered Securities has been kept by the specified registrar:	December 25, 2010

