

CONTENTS

ADDRESS TO SHAREHOLDERS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS	3
ADDRESS TO SHAREHOLDERS BY THE GENERAL DIRECTOR OF THE COMPANY	4
GENERAL INFORMATION, POSITION OF THE COMPANY IN THE INDUSTRY	6
CORPORATE MANAGEMENT	12
RESULTS OF SALES ACTIVITIES	26
GENERATING AND TRANSPORTATION FACILITIES	33
INVESTMENT ACTIVITIES OF THE COMPANY	37
DEVELOPMENT OF THE COMMUNICATIONS NETWORK OF THE COMPANY AND INTERNET TECHNOLOGIES	43
BASIC INDICATORS OF FINANCIAL STATEMENTS	47
DISTRIBUTION OF PROFITS AND DIVIDEND POLICY	57
PURCHASING ACTIVITIES	61
ENVIRONMENTAL PROTECTION	63
PERSONNEL AND SOCIAL POLICY. SOCIAL PARTNERSHIP	67
ANNEX 1. Observance of the code of corporate conduct	73
ANNEX 2. Forms No. 15 of accounting statements	82
ANNEX 3. Audit Report of the Company	89
ANNEX 4. Information about technical and economic indicators	92
REFERENCE INFORMATION FOR SHAREHOLDERS	95



ADDRESS TO SHAREHOLDERS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS!

In 2007 the Board of Directors and the Executive Committee of OJSC "OGK-2" concentrated the main attention on the resolution of tasks associated with reforming of the industry, formation of the investment program of the energy company as well as on issues of current production and financial activities.

In the previous year the most important resolutions of the Board of Directors included approval of the investment program, strategy of development of the Company and a number of other important documents. All of them are aimed at ensuring financial and corporate transparency of the Company, creation of necessary conditions for shareholders to exercise their rights for the receipt of true information about the activities of the Company and participation in management. Almost all serious matters were considered preliminarily by committees of the Board of Directors (for strategy, personnel and remuneration, reliability, evaluation, audit). Most of the committees are headed by independent directors; the majority of committees (except for the reliability committee due to its specificity) are composed of independent directors and representatives of minority shareholders. Adoption by the Board of Directors of resolutions and approval of documents after obtainment of recommendations (conclusions) of the committees improves the extent of consistency of actions of the Company with all interested parties thus strengthening the confidence of

potential investors, improves informational openness and investment attractiveness of the Company.

The main corporate event in 2007 was execution of the initial public offering of our shares among a wide range of investors for the purpose of ensuring the financing of construction of new generating facilities of the Company. Such an offering was the first public offering of shares of a Russian generating company on the London Stock Exchange. As a result of the offering the Company attracted about 1 billion dollars for financing of its investment program.

In the forthcoming year awaits us with similar hard work and responsible tasks. The company is oriented towards execution of numerous physical meetings of management bodies – the Board of Directors, Executive Committee and committees of the Board of Directors, for the purpose of ensuring high-quality discussion of questions under consideration and taking into account the opinion of all interested parties. I am sure that the activities of the Board of Directors of OJSC "OGK-2" in 2008 will also allow us to maintain transparency of decision-making as regards to the most important matters associated with the activities of the Company in general and to ensure active participation of all shareholders of the Company in this process.

M.E. LISYANSKI
Chairman of the Board of Directors



ADDRESS TO SHAREHOLDERS BY THE GENERAL DIRECTOR

DEAR SHAREHOLDERS!

The past year for our Company was a year of successful and dynamic development. Efforts of management were directed at ensuring uninterrupted operations of plants as well as ensuring the implementation of investment projects and the strategy for development of the Company. In 2007 the task associated with attraction of investments was implemented by means of an offering of an additional issue of shares of OJSC "OGK-2", in particular, on the London Stock Exchange. We consider the results of the IPO as positive: we attracted about 1 billion dollars at a share price which was higher than the market price. These funds are sufficient for commencing the implementation of the investment program of the Company. It is important to note that we managed to attract financing under conditions of a rather complicated situation on the world markets. The achieved results of the public offering of shares of OJSC "OGK-2" demonstrate the interest and confidence that investors have in our strategy and the Company as a whole.

Investment activities of OJSC "OGK-2" are aimed at introduction of new production facilities and maintenance of a high level of reliability of electrical energy generation as well as implementation of up-to-date technologies which allows for the achievement of a higher indicator of fuel efficiency, improvement of reliability and maneuverability of equipment, decrease of operational costs and reduction of down time for execution of repair works. Under conditions of general growth of energy consumption in the country the Company plans to introduce 2,780 MW of new capacities.

In 2007 within the framework of implementation of the investment program several important events took place: on the 30th of October 2007 at the Stavropolskaya GRES the solemn laying of the first stone took place which symbolized the commencement of the construction of two energy blocks with a capacity of 400 MW each and on the 8th of November 2007 construction of two 660 MW coal energy blocks was commenced at the Troitskaya GRES. Tender procedures for selection of the general contractor for construction of two "turn-key" energy blocks at the Serovskaya GRES are under completion.

In addition to the production component an important role in the strategy of OJSC "OGK-2" belongs to social and environmental responsibility. In 2007 a decision was taken on the approval of an Environmental Policy, Basic directions for implementation of the Environmental Policy of OJSC "OGK-2" for 2008-2015 and the Program for implementation of the Environmental Policy of OJSC "OGK-2" for 2008-2010. The Company carries out far sighted, medium-term and short-term planning of activities for mitigation of environmental impact, the main environmental priorities are determined and specific target indicators are set for each branch. The Company realizes its responsibility for the condition of environment, environmental risks and health of the population living within the area of impact of our production facilities and complies with the requirements of international treaties, legislation of the Russian Federation and constituent entities of the Russian Federation in the territories of which the GRESs are situated.

Following the results of 2007 the Company prepared, together with major stakeholders, and published the first nonfinancial report in accordance with the international standards of GRI. In the report OJSC "OGK-2" assumed obligations in the area of social responsibility and marked the main advance directions for improvement – from participation in charitable programs to development of a system of non-financial risks.

It is necessary to note also our work in the area of information technologies. We were the first to implement an up-to-date system of electronic document flow and were the first who launched into industrial operation an automated system for management of production and business activities. We were one of the first who modernized the means of telemechanics and communications. The project implemented at the Surgutskaya GRES-1 was the most complicated for heat generation in the Russian Federation since the composition of equipment at the plant is larger than at any other heat generating plants in Russia.

In 2007 the result of verification of the quality management system as to compliance with requirements of the international standard ISO 9001:2000 was successful and passed the certification audit of SMC of the Executive apparatus and branches of OJSC "OGK-2" – Stavropolskaya GRES and Surgutskaya GRES-1 by the auditors of SGS.

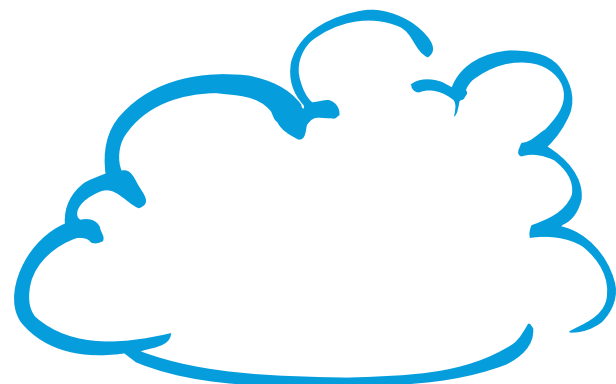
Power plants of the Company generated 48.022 billion kW/h of electrical energy following the results of 2007 which corresponds to

last year's level and reflects stability and reliability of plants operating within OJSC "OGK-2". The coefficient of utilization of installed capacity following the results of 2007 in general over OJSC "OGK-2" amounted to 63% – this indicator corresponds to last year's level and reflects a rather high level of loading of generating capacities of the Company. It should be noted that we have not admitted any material technological violations. During the entire year of 2007 power plants were fully provided with fuel reserves. Repair works have been carried out in strict correspondence with the approved schedule.

In July 2008 at the moment of completion of reorganization of OJSC RAO "UES of Russia" we will carry out the detachment of OJSC "OGK-2" from RAO "UES of Russia" which will lead to a significant increase in the number of shareholders of the company. We believe that new shareholders will also support the development strategy of the Company and we pledge that in the future the main efforts of management will also be directed to the implementation of investment projects for improving the competitiveness of the Company and further ensuring the passage of OJSC "OGK-2" from the regulated market of electrical energy to the non-regulated one. We possess a potential for becoming the leading domestic electricity generating company and comply with international standards of relations with shareholders and investors.

STANISLAV V. NEVEYNITSYN
Acted General Director





MISSION, TARGETS AND OBJECTIVES OF THE COMPANY

The OJSC "OGK-2" Company represents a team of specialists united by common goals, ideology and understanding of modern methods of efficient management.

MISSION

To be the leader among generating companies in the area of production and sales of electrical energy formed on the basis of thermal power plants.

To use advanced management and production technologies.

To strengthen the status of the company as a socially responsible business in accordance with international standards.

To meet the best expectations of shareholders, investors, consumers, employees and partners.

PURPOSE

Improvement of the capitalization of the company, improvement of business efficiency, formation of a stable positive trend of development in medium-term and long-term perspective.

DEVELOPMENT STRATEGY AND OBJECTIVES OF THE COMPANY

The strategy of development of the Company represents a combination of strategy of development and improvement of the main functional directions of activities (functional strategies) of the Company. It provides for blocks of activities over all the key directions: production, investments, fuel supply, sales etc.

THE DEVELOPMENT STRATEGY IS AIMED AT ACHIEVEMENT OF THE FOLLOWING TARGETS:

- Maintenance of a high competitiveness;
- Increase of the company value;
- Implementation of advanced technologies for production of electrical and heat energy and efficient management

decisions,

- Implementation of a complex of obligations within the framework of social responsibility of the Company and ensuring efficient interaction between the Company and stakeholders (consumers, investors, shareholders, territorial formations in regions of operation, social organizations, state).

PRIMARY OBJECTIVES OF THE COMPANY:

- Ensuring the reliability and efficiency of operations of the Company plants, development of the fuel infrastructure and provision of the required volume of available working capacities characterized by a high level of efficiency and reliability;
- Increase of profits and improvement of other financial indicators evidencing reliability, stability and management efficiency of the Company;
- Strengthening of the position of the Company on stock exchanges and improvement of attractiveness of securities of the Company for investors;
- Implementation of an Investment program (execution of the construction schedule, achievement of target efficiency indicators, maintenance of target values of project budgets);
- Expansion of participation of the Company in the liberalized market of electrical energy and heat.

GEOGRAPHICAL POSITION

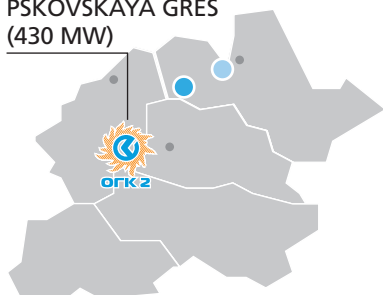
OJSC "OGK-2" realizes its activities in the Russian wholesale market of electrical energy



Fig.1. PLANTS OF THE COMPANY

FIVE GRES - BRANCHES OF THE COMPANY ARE SITUATED IN THE FOLLOWING REGIONS:

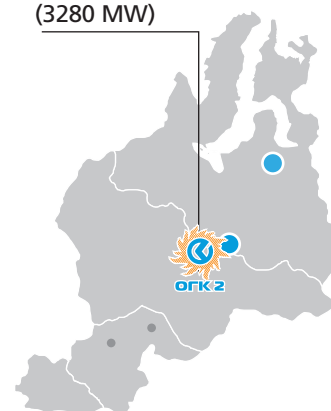
**PSKOVSKAYA GRES
(430 MW)**



BRANCH OF OJSC "OGK-2" — PSKOVSKAYA GRES

is situated in the territory of the Pskov Region (Dedovichi Village). The area of the Pskov Region is 55.3 thousand square kilometers, the region borders the Baltic countries (Estonia, Latvia) in the West, Republic of Byelorussia in the South. Inside the country the region neighbors the Leningrad, Novgorod, Tver and Smolensk Regions. Population of the region is 747.3 thousand people.

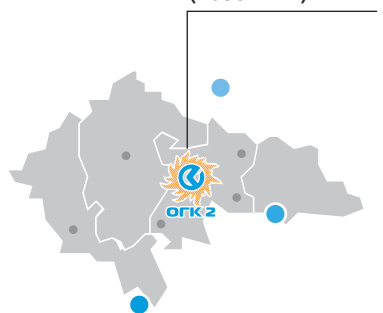
**SURGUTSKAYA GRES¹
(3280 MW)**



BRANCH OF OJSC "OGK-2" — SURGUTSKAYA GRES¹

is situated in the territory of the Khanty-Mansi Autonomous District of the Tyumen Region (Kedrovyy Village). The area of the Khanty-Mansi Autonomous District is 523.1 thousand square kilometers. 1.301 million people live in the district.

**TROITSKAYA GRES
(2059 MW)**



BRANCH OF OJSC "OGK-2" — TROITSKAYA GRES

is situated in the territory of the Chelyabinsk Region (City of Troitsk⁵). The area of the Chelyabinsk Region is 87.9 thousand square kilometers. Population of the region is 3.634 million people. The Troitskaya GRES is located geographically favorably in relation to large industrial centers — Chelyabinsk and Magnitogorsk as well as the Northern Kazakhstan

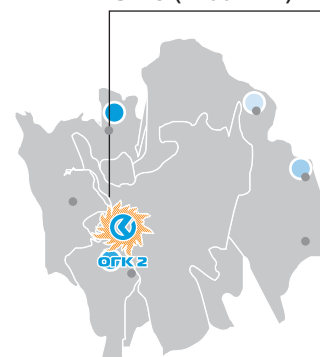
**SEROVSKAYA GRES
(526 MW)**



BRANCH OF OJSC "OGK-2" — STAVROPOLSKAYA GRES

is situated in the Stavropol Territory in the South of the European Part of Russia, in Ciscaucasia (Solnechnodolsk Village, Izobilnensky District). The area of the Stavropol Region — 66.5 thousand square meters. Population of the territory is 1.4916 million people

**STAVROPOLSKAYA
GRES (2400 MW)**



BRANCH OF OJSC "OGK-2" — SEROVSKAYA GRES

is situated in the territory of the Sverdlovsk Region (City of Serov). The area of the Sverdlovsk Region — 195 thousand square kilometers. Population of the region — 4.670 million people

BRIEF HISTORY OF THE COMPANY

INCORPORATION OF THE COMPANY

OJSC "OGK-2" was incorporated within the framework of implementation of the reform of the electrical energy system on the basis of the resolution of the sole shareholder (OJSC RAO "UES of Russia") and was registered on 09.03.2005 by the Inspectorate of the Federal Tax Service for Isobilnensky District of the Stavropol Territory No. 2607 at the legal address: Stavropol Territory, Isobilnensky District, Solnechnodolsk Village. According to resolution of the Government of the Russian Federation on the 1st of September 2003 No. 1254^r composition of OJSC "OGK-2" included Pskovskaya GRES, Serovskaya GRES, Stavropolskaya GRES, Surgutskaya GRES¹ and Troitskaya GRES. Shares of OJSC "Pskovskaya" (50% of the authorized capital stock), OJSC "Stavropolskaya GRES" (51% of the authorized capital stock), OJSC "Troitskaya GRES" (100% of the authorized capital stock minus 1 share) were contributed for payment of the authorized capital stock. The amount of the authorized capital stock of OJSC "OGK-2" at incorporation (creation) amounted to 10,769,803,935 (ten billion seven hundred sixty nine million eight hundred three thousand nine hundred thirty five) rubles and consist of 10,769,803,935 (ten billion seven hundred sixty nine million eight hundred three thousand nine hundred thirty five) shares with the nominal value of 1 ruble.

PROVISION OF THE COMPANY WITH THE POWERS OF THE SOLE EXECUTIVE BODY OF AO-GRES

On the 29th of August 2005 contracts were concluded for delegation to OJSC "OGK-2" of the powers of the executive authorities of OJSC "Serovskaya GRES", OJSC "Stavropolskaya GRES", OJSC "Pskovskaya GRES" and OJSC "Troitskaya GRES". On the 29th of September 2005 the contract was concluded for delegation to OJSC "OGK-2" of the powers of the executive body of OJSC "Surgutskaya GRES¹". Since the above mentioned dates until the 29th of September of 2006¹ OJSC "OGK-2" accomplished functions of the sole executive body (general director) of AO-GRES.

EXCHANGE OF ADDITIONAL SHARES OF THE COMPANY WITH SHARES OF AO-GRES

On the 22nd of May 2006 the exchange of shares of AOGRES with shares of OJSC "OGK-2" was completed. In the course of exchange OJSC "OGK-2" acquired 87.69% shares in OJSC "Serovskaya GRES", 100% shares in OJSC "Surgutskaya GRES¹", 40.69% shares in OJSC "Stavropolskaya GRES" and 24.63% shares in OJSC "Pskovskaya GRES".

After exchange the authorized capital stock OGK-2 amounted to 25,317,069,498 (twenty five billion three hundred seventeen million sixty nine thousand four hundred ninety eight) rubles and consisted of 25,317,069,498 (twenty five billion three hundred seventeen million sixty nine thousand four hundred ninety eight) shares with the nominal value of 1 ruble.

REORGANIZATION IN FORM OF ATTACHMENT OF AO-GRES TO OJSC "OGK-2"

On the 29th of September 2006 the procedure for attachment

of AO-GRES to OJSC "OGK-2" was completed (records on reorganization of OGK-2 and on termination of activities of OJSC "Pskovskaya GRES", OJSC "Stavropolskaya GRES", OJSC "Troitskaya GRES", OJSC "Serovskaya GRES" and OJSC "Surgutskaya GRES¹" in connection with attachment to OGK-2 were introduced into the Unified State Register of Legal Entities). Since the 29th of September 2006 plants seized functioning as independent legal entities and entered the composition of OJSC "OGK-2" as branches.

After conversion of shares of AO-GRES into shares of OGK2 at attachment the authorized capital stock of OGK-2 amounted to 26,480,895,818 (twenty six billion four hundred eighty million eight hundred ninety five thousand eight hundred eighteen) rubles and consisted of 26,480,895,818 (twenty six billion four hundred eighty million eight hundred ninety five thousand eight hundred eighteen) shares with the nominal value of 1 ruble.

Initial public offering of shares of the Company (IPO) with listing of the securities of the Company on the London Stock Exchange was completed in October 2007. After increase in the authorized capital stock by means of offering of additional shares of the Company among an unlimited range of investors the authorized capital stock of OGK-2 amounts to 11,872,230,777.8451 (eleven billion eight hundred seventy two million two hundred thirty thousand seven hundred seventy seven point eight thousand four hundred fifty one thousandths) rubles and consists of 32,732,921,913 (thirty two billion seven hundred thirty two million nine hundred twenty one thousand nine hundred thirteen) shares with the nominal value of 0.3627 rubles.

RESULTS OF THE IPO:

— The amount of offered securities of the additional issue: 6,252,026,095 shares (including shares over which GDR were issued²: 1,601,763,900 units) with the nominal value of 0.3627 rubles.

— The total amount of proceeds for securities offered within the framework of IPO (in rubles): 24,967,107,708.63 rubles (twenty four billion nine hundred sixty seven million one hundred seven thousand seven hundred eight rubles 63 copecks).

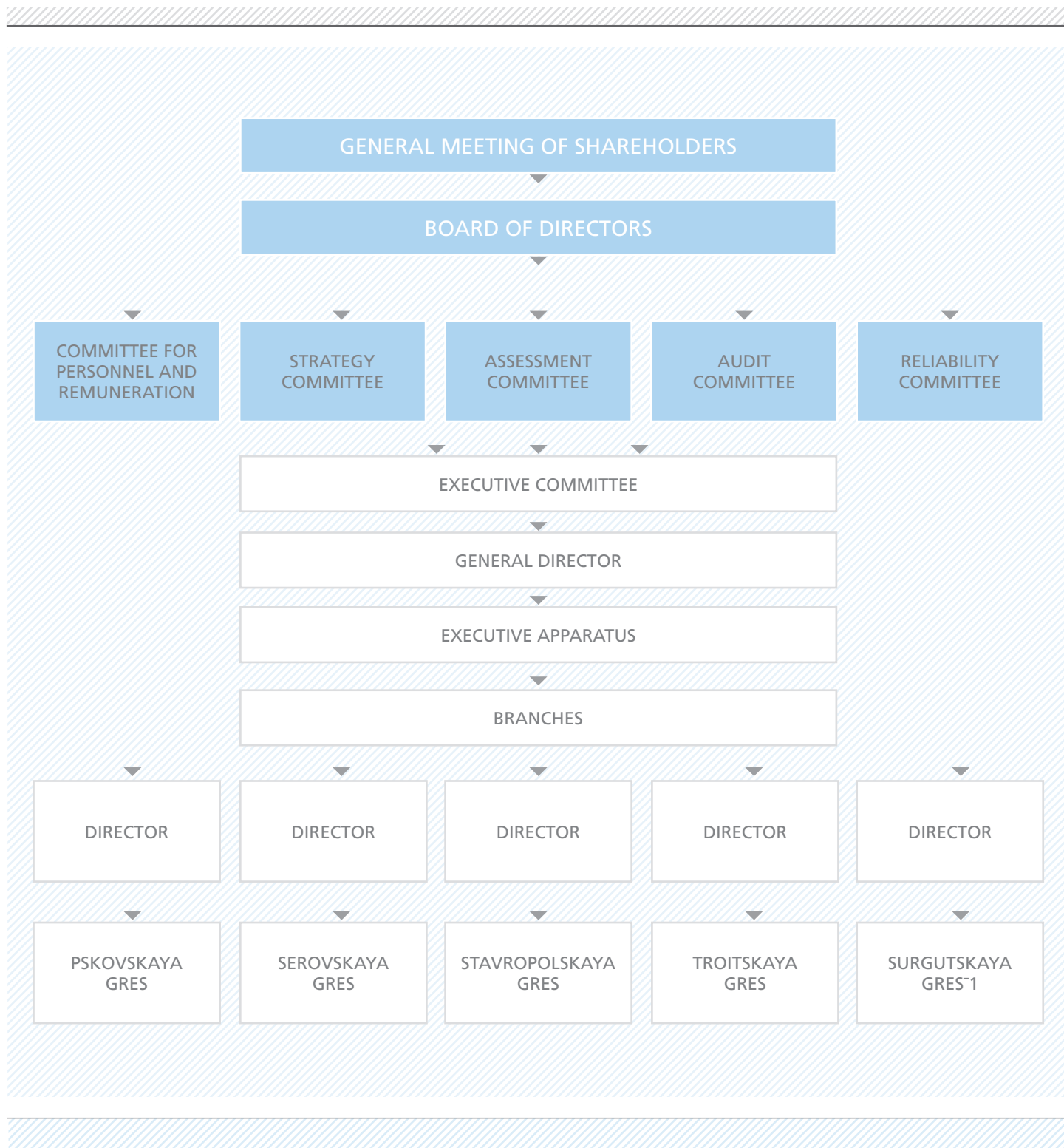
ORGANIZATIONAL STRUCTURE OF THE COMPANY

MANAGEMENT SYSTEM OF THE COMPANY

An advantage of the management system of the Company consists in the possibility for realization of the management model required for operating in competitive market conditions and continuous optimization of costs. In particular, the management system enables resolving the issue associated with qualified management personnel ready to work under market conditions of operation of the Company. Two levels may be highlighted in the management system of OJSC "OGK-2": the executive apparatus of OJSC "OGK-2" and branches of OJSC "OGK-2" — GRES.

¹ Date of attachment of AO-GRES to OJSC "OGK-2"

² 1 GDR = 100 shares, therefore the total amount of issued GDRs: 16,017,639 units.





CORPORATE MANAGEMENT

CORPORATE MANAGEMENT OF OJSC "OGK-2". PRINCIPLES. DOCUMENTS.

CORPORATE MANAGEMENT OF OJSC "OGK-2" MEANS:

- a combination of processes ensuring management and control of activities of the Company including relations between shareholders, Board of Directors and executive authorities of the Company in the interests of shareholders;
- a means for improvement of the efficiency of the activities of the Company, strengthening of its reputation and reduction of costs for attraction by the Company of borrowed and/or equity capital;
- a means of formation of a strategy providing as its main purpose the improvement of capitalization of the company, increase in the market value of its securities and investment attractiveness.

Corporate management includes relations of the Company with all interested parties (stakeholders), ensuring the fulfillment of obligations in accordance with Russian and international legislation in terms of presentation of information about the activities of the company as well as within the framework of social responsibility.

PRINCIPLES OF CORPORATE MANAGEMENT AT THE COMPANY:

- Justice (observance and system of efficient protection of rights, equal treatment of all shareholders and investors)
- Responsibility (recognition and observance of rights of all interested persons (stakeholders), application of the principle of responsibility over all aspects of activities of the company, cooperation and development of relations; social responsibility)
- Control and assessment of quality of business management through accountability of the Board of Directors to shareholders and accountability of the executive body to the Board of Directors, in particular, in regards to matters associated with accomplishment of instructions of the Board of Directors as well as accountability of the executive body to shareholders. Controllability of the executive body by the Audit Committee and the Auditor.
- Transparency and informational openness (timely and complete disclosure of true information on all material facts and events concerning the activities of the Company). Accessibility of information to be disclosed — both obligatorily and voluntarily in accordance with international standards and requirements of stock exchanges where securities of the Company are listed (RTS, MICEX, LSE).

DEVELOPMENT OF RELATIONS WITH STAKEHOLDERS

The Company recognizes and observes the rights and legal interests of all interested persons (stakeholders). The corporate block of OJSC "OGK-2" ensures efficient interaction, cooperation and development of relations with shareholders, investors, investment analysts, representatives of regional authorities and municipal authorities, ecologists and other interested persons. Following the results of 2007 the first Social Report of the Company (in accordance with international standards GRI) was awarded with the premium by OJSC RAO "UES of Russia" — "For the best social report/report in the area of sustainable development". The Company intends to continue

the fulfillment of all assumed commitments fixed in the report in the area of social responsibility and to continue to work for the formation and ensuring the operation of sites for public discussion of major projects of the Company for taking into consideration the interests of stakeholders.

In 2007 the Company created conditions for simultaneous, fast and as complete as possible informing of all the members of the investment community on all key events including the following:

- Announcement of operational and financial results over the accounting period
- Key decisions in the area of adoption/progress of implementation of the investment program
- Key decisions for attraction of debt/shareholder financing Extraordinary (non-standard) events / actions and their financial consequences for the Company
- Key corporate changes: reorganization, changes in the corporate management practice, etc.
- Events not being an essential fact but helping to make all interested parties understand the current activities of the company, to form its full-fledged and comprehensive image.
- Indicators allowing for construction and if necessary correction of a full-fledged assessment financial model of the company for the needs of interested investors. The Company ensures equal access to information for all investors, avoids application of the policy of "suppression/concealment of information" and attempts to exclude any exclusivity as regards access to information.

CONTROL AND ASSESSMENT OF QUALITY OF MANAGEMENT OF THE COMPANY

The system of control and assessment of quality of management of the Company provides for frequency of control over fulfillment by the Company of financial-economic and production plans and indicators approved by shareholders and the Board of Directors. In addition the Board of Directors controls the activities of executive bodies (General Director and Executive Committee) of the Company, makes decisions on approval of major transactions, transactions of interest, and makes decisions on all other material matters associated with the activities of the Company. The system of control and assessment of the quality of management of the Company includes several elements:

- Board of Directors of the Company (is elected by the General Meeting of Shareholders) — controls fulfillment of decisions of the General Meeting of Shareholders and the Board of Directors, controls.
- Audit Committee of the Company (is elected by the General Meeting of Shareholders) — exercises control over financial and economic activities of the Company
- Auditor of the Company (is approved by the General Meeting of Shareholders) — inspects and approves annual financial statements of the Company (including accounting statements

prepared in accordance with IFRS)

- Audit Committee of the Board of Directors of the Company (is elected by the Board of Directors) — assesses the auditor's report, ensures comprehensive analysis and preparation of recommendations for the Board of Directors of the Company with regards to matters associated with audits of the activities of the Company

- Department for Internal Audit and Financial Control of the Company (is incorporated in the organizational structure of the executive apparatus of the Company) — for execution of inspections in the area of corporate management and capital management, accounting and tax accounting, accounting statements, economy, sales, financial area, legal area, production area.

For the Board of Directors, Auditor, Audit Committee and Department for Internal Audit and Financial Control of the Company all conditions are created for free accomplishment by them of their control powers.

TRANSPARENCY AND INFORMATIONAL OPENNESS OF OJSC "OGK-2"

In accordance with established Russian and international requirements and rules the Company provides on a timely basis all necessary information to controlling bodies, discloses it to the mass media, informational agencies and on the website of the Company (www.ogk2.ru) including Russian and English versions. The site is regularly and simultaneously updated in the Russian and English languages and serves as an efficient source of information about the Company. Information about the activities of OJSC "OGK-2" is disclosed in the largest volume possible on the website of the Company.

PLANS OF THE COMPANY FOR IMPROVEMENT OF THE CORPORATE MANAGEMENT SYSTEM

The main tasks for improvement of the corporate management system of OJSC "OGK-2" in the nearest future consist in provision of rights and interests of shareholders, development of relations with the investment community, improvement of liquidity of shares in OJSC "OGK-2". These tasks will be fulfilled by means of implementation of the following measures:

- Full accomplishment of commitments assumed in 2007 in the area of social responsibility, development of corporate social responsibility of the Company;
- Wording and fulfillment of new and continuing obligations in the area of corporate social responsibility as a continuous process of Company improvement;
- Execution of public hearings and dialogues with stakeholders at specially arranged negotiation sites;
- Preparation of a regular non-financial report on corporate social responsibility;
- Execution of procedures for improvement of the corporate management rating;
- Formation of the Risk Committee and Committee for Settlement of Corporate Conflicts at the Board of Directors of OJSC "OGK-2";
- Inclusion of securities in OJSC "OGK-2" in listings "—" of

Russian stock exchanges RTS and MICEX for the purpose of improvement of share liquidity;

- Maintenance of securities in OJSC "OGK-2" in listings of the London Stock Exchange.

- Development of a corporate management and accounting system which is transparent for investors through development of standards of additionally disclosed information as well as fulfillment of requirements of the London Regulator (LSE) with regards to disclosure of information;

- Development and improvement of interaction with investment analysts for the purpose of obtainment of correct and impartial external assessment of activities and prospects of the company;

- Engagement of market makers at Russian (RTS, MICEX) Stock Exchanges and London Stock Exchange (LSE) within the framework of implementation of a program for improvement of liquidity of securities of the Company as well as for ensuring the protection of interests of shareholders and investors;

- Regular meetings with investors and at international financial centers (Moscow, London, New York, Singapore, Hong Kong) for ensuring the possibility for operative and transparent dialogue with the investment community.

INFORMATION ABOUT OBSERVANCE BY THE COMPANY OF THE CODE OF CORPORATE CONDUCT

In its actions the Company is guided by principles of the Code of Corporate Conduct recommended for application by the Instruction of the Federal Securities Committee of the 4th of April 2002 No. 421/r. Information about observance by the Company of the Code of Corporate Conduct is presented in the Annex to this report (Annex No. 1).

MANAGEMENT AND CONTROL BODIES OF THE COMPANY

MANAGEMENT BODIES OF THE COMPANY

General Meeting of Shareholders — the senior management body of the Company.

Board of Directors — the body exercising general management of the activities of the Company. On the basis of the decision of the Board of Directors for addressing of issues included in the area of competence of the Board of Directors or investigated by the Board of Directors in accordance with the procedure for control of the activities of the executive body of the Company and development of necessary recommendations for the Board of Directors and the executive committee of the Company committees of the Board of Directors may be formed (article 19 of the Articles of Association of the Company).

Executive Committee — the collegial executive body of the Company General Director — the sole executive body of the Company

CONTROL BODIES OF THE COMPANY

Audit Committee

MEMBERSHIP OF THE BOARD OF DIRECTORS OF OJSC "OGK-2" APPROVED BY RESOLUTION OF THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY OF 22.06.2007

Nº	FULL NAME OF THE MEMBER OF THE BOARD OF DIRECTORS	POSITION AND PLACE OF WORK
1	Lisyansky, Mikhail Eduardovich – Chairman	Deputy Managing Director BE No. 2 RAO "UES of Russia"
2	Dunin, Oleg Valentinovich	Head of the Department for ensuring project implementation BE No. 2 RAO "UES of Russia"
3	Bochka, Irina Sergeevna	Head of the Corporate Management Department Unit BE No. 2 RAO "UES of Russia"
4	Bykhanov, Evgeny Nikolaevich	Deputy General Director of the "Institute of Professional Directors" Foundation
5	Evseenkova, Elena Vladimirovna	Deputy head of the Department of Economic Planning and Financial Control BE No. 2 RAO "UES of Russia"
6	Kosarev, Sergey Borisovich	Head of the Department for Regulation of Ownership Relations KC RAO "UES of Russia"
7	Kuzichev, Mikhail Vasilyevich	General Director of OJSC "OGK-2"
8	Kulikov, Denis Victorovich	Deputy Executive Officer of the Association for Protection of Investors' Rights
9	Medvedeva, Elena Alekseevna	Head of the Center for Regulatory Provision CUR RAO "UES of Russia"
10	Rozenzweig, Alexandr Shoilovich	Executive Director BE No. 2 RAO "UES of Russia"
11	Filatov, Alexandr Alexandrovich	Managing Director of the Association of Independent Directors

INFORMATION ABOUT THE INDEPENDENT DIRECTORS WITHIN THE BOARD OF DIRECTORS OF THE COMPANY

Within the Board of Directors independent directors (according to the definition of independent directors as determined in clause 2.2.2. of the Code of Corporate Conduct recommended for application by the Instruction of the Federal Securities Committee of 04.04.2002 No. 421/r) are all the members of the Board of Directors except for the General Director of OJSC "OGK-2" Kuzichev, Mikhail Vasilyevich.

REMUNERATION AND COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Amounts and procedure for payment of remuneration and compensation to members of the Board of Directors are established by the Regulations on payment to members of the Board of Directors of OJSC "OGK-2" of remuneration and compensation approved by the resolution of the General Meeting of Shareholders (minutes without number of 25.06.2007) of 21.04.2006. <http://www.ogk2.ru/media/si/government/comitets/06.pdf>

The above mentioned Regulations do not apply to members of the Board of Directors being the sole executive body or a member of the collegial executive body of the Company.

COMMITTEES OF THE BOARD OF DIRECTORS

Committees of the Board of Directors of the Company are created on the basis of the resolution of the Board of Directors of the Company and represent an advisory and consulting body ensuring efficient accomplishment by the Board of Directors of the Company of its functions associated with general management of the Company.

Committees are not bodies of the Company and may not act on behalf of the Company, decisions of Committees are of recommending nature for the Board of Directors of the Company. Representatives of minority shareholders and investment community are elected as members of committees therefore Committees of the Board of Directors represent an instrument for interaction with stakeholders of the Company enabling the obtainment of agreement for decisions on all important matters associated with the activities of the Company for their adoption.

The Board of Directors of OJSC "OGK-2" created the Reliability Committees, Assessment Committee, Strategy Committee, Audit Committee, and Committee for Personnel and Remuneration.

AUDIT COMMITTEE

For execution of control over financial and economic activities of the Company the General Meeting of Shareholders elects the Audit Committee for the term until the following annual General Meeting of Shareholders. The numerical composition of the Audit Committee shall be 5 (five) persons.

REMUNERATION AND COMPENSATION TO MEMBERS OF THE AUDIT COMMITTEE OF THE COMPANY

Remuneration and compensation to members of the Audit Committee are calculated and paid in accordance with the Regulations on payment to members of the Audit Committee of remuneration and compensation as approved by the resolution of the sole shareholder (OJSC RAO "UES of Russia") as of the moment of adoption of the resolution on 21.04.2006 (<http://www.ogk2.ru/rus/si/commission/index.wbp>)

³ After the IPO with listing on the London Stock Exchange the Company assumed obligations for disclosure of information according to the rules of regulating authorities of Great Britain (FSA and UKLA).

THE AUDITOR COMMITTEE OF OJSC "OGK-2" AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN 2007 WAS APPROVED AT THE FOLLOWING MEMBERSHIP:

Nº	FULL NAME OF THE MEMBER OF THE AUDIT COMMITTEE	POSITION AND PLACE OF WORK
1	Matunina, Ludmila Romanovna – Chairman of the Audit Committee	First deputy head of the Internal Audit Department CC RAO "UES of Russia"
2	Saukh, Maxim Mikhailovich	Head of the Corporate Management Department Unit of CC OJSC RAO "UES of Russia"
3	Smirnova, Elena Evgenyevna	Head of the unit for work of audit commissions BE No. 2 OJSC RAO "UES of Russia"
4	Bazhenova, Ekaterina	Chief Expert of the Department for Economic Planning and Financial Control BE No. 2 RAO "UES of Russia"
5	Mitrofanenkov, Roman Anatolyevich	Head of the Department for Internal Audit and Financial Control of OJSC "OGK-2"

INFORMATION ABOUT SUBSIDIARIES AND AFFILIATES OF OJSC "OGK-2"

INFORMATION ABOUT SUBSIDIARIES AND AFFILIATES

NAME OF THE ORGANIZATION	Core types of activities	AMOUNTS OF CONTRIBUTIONS, RUB	SHARE IN THE AUTHORIZED CAPITAL STOCK, %
OJSC "Chaika"	Provision of services of sanatorium and preventorium nature	6 650 061,00	100,00%
CJSC "Rest Base "Lesnoye Ozero"	Area of service in the tourist and rest segment	9 474 645,39	100,00%

Table1

INFORMATION ABOUT THE AUTHORIZED CAPITAL STOCK AND SHARES OF THE COMPANY

At present the authorized capital stock of the Company amounts to 11,872,230,777.8451 (eleven billion eight hundred seventy two million two hundred thirty thousand seven hundred seventy seven point eight thousand four hundred fifty one ten thousands) rubles.

The Company has placed ordinary registered shares with the nominal value of 0.3627 (zero point three thousand six hundred twenty seven ten thousands) rubles each in the amount of 32,732,921, 913 (thirty two billion seven hundred thirty two million nine hundred twenty one thousand nine hundred thirteen) shares at the total nominal value of 11,872,230,777.8451 (eleven billion eight hundred seventy two million two hundred thirty thousand seven hundred seventy seven point eight thousand four hundred fifty one ten thousands) rubles.

INFORMATION ABOUT SHARES OF THE COMPANY. ISSUING ACTIVITIES OF THE COMPANY

Nº	ISSUE	FIRST (INITIAL OFFERING)
1	Share category	Ordinary registered shares
2	Issue form	Uncertified
3	Share type	—
4	State registration number	1`01`65105`D
5	Date of registration	May 11, 2005
6	Registration bodies	Federal Service for Financial Markets
7	Date of commencement of offering	March 9, 2005 (date of registration of the Company as a legal entity)
8	Termination of offering	March 9, 2005 (date of registration of the Company as a legal entity)
9	Number of shares	10 769 803 935
10	Nominal value (rubles)	1,00
11	Total amount of issue (nominal value)	10 769 803 935
12	Report on results of the issue is registered on	May 11, 2005
Nº	ISSUE	SECOND (PRIVATE SUBSCRIPTION)
1	Share category	Ordinary registered shares
2	Issue form	Uncertified
3	Share type	—
4	State registration number	1`01`65105`D
5	Date of registration	March 21, 2006
6	Registration bodies	Federal Service for Financial Markets
7	Date of commencement of offering	April 7, 2006
8	Termination of offering	May 22, 2006
9	Number of shares	14 547 265 563
10	Nominal value (rubles)	1,00
11	Total amount of issue (nominal value)	14 547 265 563
12	Report on results of the issue is registered on	June 20, 2006
Nº	ISSUE	CONVERSION OF SHARES OJSC GRES INTO SHARES OF THE COMPANY
1	Share category	Ordinary registered shares
2	Issue form	Uncertified
3	Share type	—
4	State registration number	1`01`65105`D
5	Date of registration	September 29, 2006
6	Registration bodies	Federal Service for Financial Markets
7	Date of commencement of offering	September 29, 2006 (date of conversion)
8	Termination of offering	September 29, 2006 (date of conversion)
9	Number of shares	1 163 826 320
10	Nominal value (rubles)	1,00
11	Total amount of issue (nominal value)	1 163 826 320
12	Report on results of the issue is registered on	October 26, 2006
Nº	ISSUE	CONVERSION OF SHARES OF THE COMPANY INTO SHARES HAVING A LOWER NOMINAL VALUE
1	Share category	Ordinary registered shares
2	Issue form	Uncertified
3	Share type	—
4	State registration number	1`02`65105`D
5	Date of registration	April 19, 2007
6	Registration bodies	Federal Service for Financial Markets
7	Date of commencement of offering	April 26, 2007 (date of conversion)
8	Termination of offering	April 26, 2007 (date of conversion)
9	Number of shares	26 480 895 818
10	Nominal value (rubles)	0,3627
11	Total amount of issue (nominal value)	9 604 620 913,1886
12	Report on results of the issue is registered on	May 15, 2006

Table 2

INFORMATION ABOUT SHARES OF THE COMPANY. ISSUING ACTIVITIES OF THE COMPANY

Nº	ISSUE	ISSUE OF BONDS
1	Share category	Non-convertible interest-bearing bonds
2	Issue form	Documentary bearer with compulsory centralized storage
3	Share type	—
4	State registration number	4-01-65105-D
5	Date of registration	May 2, 2007
6	Registration bodies	Federal Service for Financial Markets
7	Date of commencement of offering	July 5, 2007
8	Termination of offering	July 5, 2007
9	Number of shares	5 000 000
10	Nominal value (rubles)	1 000,00
11	Total amount of issue (nominal value)	5 000 000 000,00
12	Report on results of the issue is registered on	July 26, 2007
Nº	ISSUE	ADDITIONAL ISSUE OF SHARES (IPO)
1	Share category	Ordinary registered shares
2	Issue form	Uncertified
3	Share type	—
4	State registration number	1-02-65105-D
5	Date of registration	August 7, 2007
6	Registration bodies	Federal Service for Financial Markets
7	Date of commencement of offering	October 1, 2007
8	Termination of offering	October 10, 2007
9	Number of shares	6 252 026 095
10	Nominal value (rubles)	0,3627
11	Total amount of issue (nominal value)	2 267 609 864,6565
12	The notice on results of the issue was sent to the Federal Service for Financial Markets of Russia	October 11, 2007

Table 2

In 2007 the Company established the sponsored program of global depository receipts on the basis of the Regulations S (Reg S). The depository bank is the Deutsche Bank Trust Company Americas. GDRs of OJSC "OGK-2" are admitted for trade on the main market of the London Stock Exchange). Each depository receipt certifies the right for 100 registered ordinary shares of OJSC "OGK-2".

REPURCHASE OF EQUITY SHARES IN 2007

DATE OF EXECUTION OF THE GENERAL MEETING OF SHAREHOLDERS / AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS	NUMBER OF SHARES SUBMITTED FOR REPURCHASE	PRICE OF REPURCHASE OF SHARES, RUBLES	COST OF REPURCHASE SHARES, RUBLES
18.07.2007r. 1. On approval of the Underwriting Contract concluded between OJSC "OGK-2" and underwriters Deutsche Bank AG (London Branch) and CJSC Investment Company "Troika Dialogue" and/or their affiliated persons and other persons which may be named in the Underwriting Contract or in annexes to the Underwriting Contract as underwriters, which represents a major transaction.	54 267	3,1431 (approved by the Board of Directors on 08.06.2007, Minutes No. 72/72 of 09.06.2007)	170 566,61
25.09.2007r. 1. On approval of interrelated transactions associated with offering of bonds of the foreign company to investors which may be exchanged for global depository receipts certifying rights in relation to ordinary shares of the Company representing in aggregate a major transaction. 2. On approval of interrelated transactions within the framework of the mechanism of stabilization in relation to offering to investors of ordinary shares of the company and global depository receipts certifying rights in relation to ordinary shares of the Company representing in aggregate a major transaction. 3. On approval of essential conditions of the contract for provision of power to the wholesale market of electricity concluded between the Company, CJSC "CFR" and NP "ATS", representing a major transaction.	5 537 631	3,1431 (approved by the Board of Directors on 17.08.2007, Minutes No. 80/80 of 21.08.2007)	17 405 328,00
31.10.2007r. 1. On reorganization of OJSC "OGK-2" in form of attachment thereto of OJSC "OGK-2 Holding" created as a result of reorganization of OJSC RAO "UES of Russia" in form of detachment and on approval of the Contract on attachment of OJSC "OGK-2 Holding" to OJSC "OGK-2". 2. On determination of the amount, nominal value, categories (types) of declared shares of OJSC "OGK-2" and rights provided by these shares. 3. On introduction of amendments and supplements to the Articles of Association of OJSC "OGK-2". 4. On increase of the authorized capital stock of OJSC "OGK-2" by means of placement of additional shares in form of conversion of shares of the attached company into them.	1 381 333	3,1431 (approved by the Board of Directors on 18.09.2007, Minutes No. 84/84 of 20.09.2007)	4 341 667,75*
28.12.2007r. 1. On approval of the General Contract Agreement for accomplishment of functions of the General Contractor (EPC Contractor) for "turn key" construction of two coaldust power units with the single installed capacity of 660 MW at the site of the Branch of OJSC "OGK-2" (Troitskaya GRES (Troitskaya GRES) to be concluded between OJSC "OGK-2" and CJSC "KVARTZ Tyumen" representing a major transaction. 2. On approval of the General Contract Agreement for accomplishment of functions of the General Contractor (EPC Contractor) for "turn key" construction of two steal and gas power units with the single installed capacity of 400 MW each at the site of the Branch of OJSC "OGK-2" (Stavropolskaya GRES (Stavropolskaya GRES) to be concluded between OJSC "OGK-2" and Open Joint Stock Company "Group E4", the leader of the consortium consisting of Closed Joint Stock Company "SibKOTES", Open Joint Stock Company "Firm CENTROENERGOMONTAZH", Closed Joint Stock Company "Novosibirsk nergospetsremont" representing a major transaction. 3. On introduction of amendments into the Articles of Association of the Company.	16 001 974	3,0006 (approved by the Board of Directors on 28.11.2007, Minutes No. 91/91 of 30.11.2007)	48 015 523,18**
TOTAL:	22 975 205		69 933 085,54

Table 3

* shares were paid for in December 2007, credited to the customer account of the Company in January of 2008.

** shares were paid for and credited to the customer account of the Company in February/March 2008.

INFORMATION ABOUT SHAREHOLDERS HOLDING AT LEAST 5% OF SHARES IN THE COMPANY

AMENDMENTS IN THE LIST OF SHAREHOLDERS HOLDING AT LEAST 5 PERCENT OF SHARES IN THE COMPANY IN 2007

Date of execution of the list of persons entitled to participate at the General Meeting of Shareholders	Shareholders holding at least 5 percent of the authorized capital stock of the Company as well as at least 5 percent of ordinary shares in the Company		Доля лица в уставном капитале общества	Доля принадлежавших указанному лицу обыкновенных акций общества
	Full firm name	Abbreviated firm name		
24.01.2007	Russian Open Joint Stock Company for Energy and Electrification "UES of Russia"	OJSC RAO "UES of Russia"	80,93%	80,93%
	Westmead Limited	—	5,22%	5,22%
08.05.2007	Russian Open Joint Stock Company for Energy and Electrification "UES of Russia"	OJSC RAO "UES of Russia"	80,93%	80,93%
	Westmead Limited	—	5,22%	5,22%
08.06.2007	Russian Open Joint Stock Company for Energy and Electrification "UES of Russia"	OJSC RAO "UES of Russia"	80,93%	80,93%
	Westmead Limited	—	5,22%	5,22%
17.08.2007	Russian Open Joint Stock Company for Energy and Electrification "UES of Russia"	OJSC RAO "UES of Russia"	80,93%	80,93%
	Westmead Limited	—	5,22%	5,22%
18.09.2007	Russian Open Joint Stock Company for Energy and Electrification "UES of Russia"	OJSC RAO "UES of Russia"	80,93%	80,93%
	Westmead Limited	—	5,22%	5,22%
23.11.2007	Russian Open Joint Stock Company for Energy and Electrification "UES of Russia"	OJSC RAO "UES of Russia"	65,47%	65,47%
	Closed Joint Stock Company "Gazenergoprom Invest"	CJSC "Gazenergoprom Invest"	12,22%	12,22%

Table 4

STRUCTURE OF THE EQUITY CAPITAL

NAME OF THE OWNER OF SECURITIES	SHARE IN THE AUTHORIZED CAPITAL STOCK AS OF:	
	01.01.2007	31.12.2007
Private individuals	1,61%	1,15%
OJSC RAO "UES of Russia"	80,93%	65,47%
Other legal entities and nominal holders	17,46%	33,38%
Federal property	no	no
Property of the constituent entity of the Russian Federation	no	no

Table 5

LIST OF SHAREHOLDERS HOLDING MORE THAN 4% OF SHARES IN THE AUTHORIZED CAPITAL STOCK (FOR REFERENCE)

Name of the holder of securities holding more than 4% of the authorized capital stock	Share in the authorized capital stock as of:	
	01.01.2007	31.12.2007
OJSC RAO "UES of Russia"	100%	65,47%
CJSC "Gazenergoprom Invest"	80,93%	12,22%
Deutsche Bank Trust Company Americas	0%	4,8%
Westmead Limited	5,22%	4,22%

Table 6

SECURITIES MARKET:

HISTORY OF THE SHARES OF OJSC "OGK-2"

Shares of OJSC "OGK-2" began to be traded in the outlisting sector of CJSC "MICEX Stock Exchange" (hereinafter referred to as "MICEX") since the 19th of July 2006, NP "RTS" — since the 20th of July 2006, OJSC "Stock Exchange Russian Trade System" (hereinafter referred to as OJSC "RTS") — since the 17th of July 2006.

On the 14th of November shares were included in the Quotation list "B" of NP "Stock Exchange Russian Trade System" (hereinafter referred to as NP "RTS"), and on the 19th of December — in the Quotation list "B" MICEX.

As of the end of December 2006 shares of OJSC "OGK-2" were traded in the organized securities market in MICEX, NP "RTS" and OJSC "RTS".

As of the end of December 2007 shares of OJSC "OGK-2" were traded on Russian stock exchanges MICEX and OJSC "RTS" (stock exchange and classic market) as well as in the form of global depository receipts on the London Stock Exchange.

On the 7th of August 2007 an additional issue of securities was registered. On the 4th of October 2007 Global Depository Receipts of OJSC "OGK-2" ("GDR", 1 CDR is equal to 100 ordinary shares) were included in the Official List of the Listing Administration of Great Britain and were admitted for trades on stock exchange in the main market of the London Stock Exchange.

On the 10th of October 2007 results of placement of the additional issue of shares were summarized. On the 11th of October 2007 notification on the results of placement was sent to the Federal Service for Financial Markets of Russia.

In 2007 shares of OJSC "OGK-2" were taken into account in calculation of the stock exchange index "Index RTS — Electric Energy System" and "MICEX Power Index" for calculation of which the most liquid shares of the industry are used.

TRADE VOLUME IN 2007

The aggregate trade volume of shares of OGK-2 in the Russian organized stock exchange market amounted in 2007 to 6,998.2 million rubles (in 2006 — 621.5 million rubles).

PRICE AND VOLUME OF TRADES IN MICEX (BASIC MODE) IN 2007

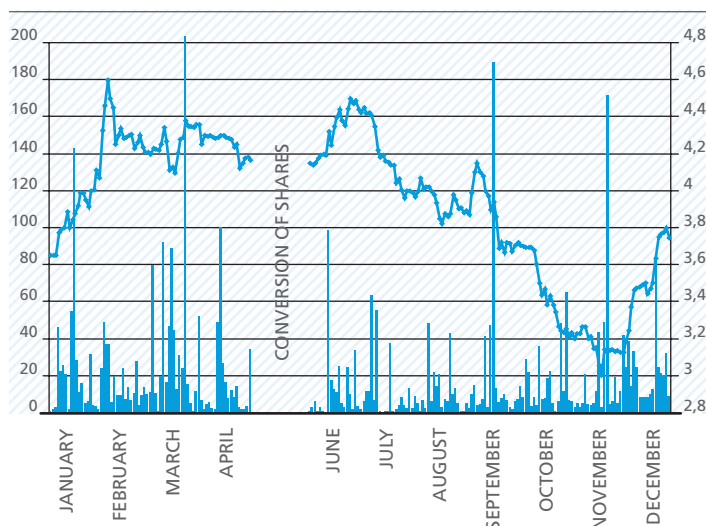
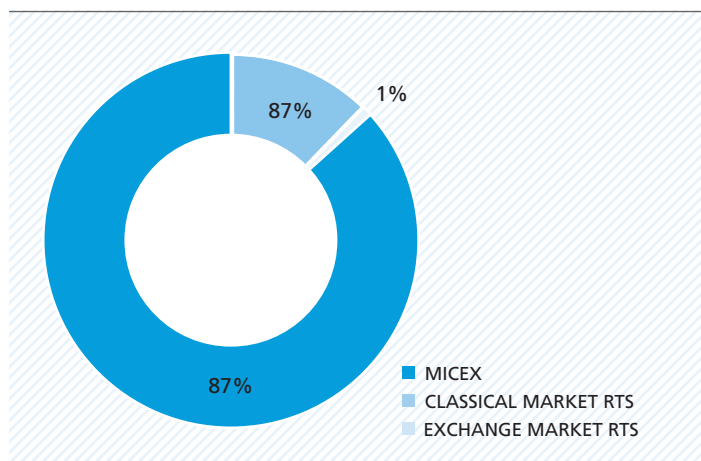


Fig. 2

TRADE STRUCTURE



Volume of transactions with shares in 2007 (1,854 million shares) amounted to 5.67% of the total amount of shares offered as of the end of the year (32,733 million shares).

Fig. 3

VOLUMES OF TRADES AND NUMBER OF TRANSACTIONS ON MICEX AND RTS

Period	Trade volume, shares			Number of transactions		
	Classic RTS market	Stock Exchange RTS market	MICEX	Classic RTS market	Stock Exchange RTS market	MICEX
January 2007	7 355 333	2 460 341	112 337 700	15	53	1 309
February 2007	44 097 496	1 793 563	73 188 742	55	48	4 603
March 2007	35 850 165	1 596 305	326 790 045	76	27	2 930
April 2007	5 570 000	801 234	70 324 672	11	29	1 596
May 2007	775 111	—	—	5	—	0
June 2007	13 658 976	102 093	3 348 700	31	4	134
July 2007	19 165 819	44 818	112 337 700	30	4	1 309
August 2007	32 883 491	—	68 513 738	13	—	1 466
September 2007	14 608 536	9 430 172	125 141 866	18	23	1 740
October 2007	10 082 222	200 150	107 255 566	20	11	2 276
November 2007	14 989 100	84 661	384 498 979	27	15	3 172
December 2007	30 001 058	884 698	224 315 748	51	16	3 170
	229 037 307	17 398 035	1 608 053 456	352	230	23 705

Table 7

* all trade modes are taken into account on MICEX

QUOTATIONS OF SHARES OF OJSC "OGK-2"

Shares of OJSC "OGK-2" in 2007 increased from \$0.137 up to \$0.154 per share on the classic RTS market, and from 3.663 up to 3.745 rubles in MICEX. Thus, growth amounted to a little bit more than 2% in Rubles and 12% in Dollars. Capitalization as of the end of the year amounted to \$5.04 billion. Increase in the RTS index and OGK-2 quotations, calculated in dollars are to a significant degree associated with fluctuations of exchange rates.

DYNAMICS OF VALUE OF SHARES OF OJSC "OGK-2" AND RTS INDICES IN 2007*

	Yearly variation	Minimum value	Maximum value
RTS	+19,18%	-10,26%	+22,79%
RTS-2	+43,06%	-2,70%	+43,06%
RTS-electric energy system	+31,88%	-2,92%	+32,38%
Shares of OGK-2 on the RTS	+12,41%	-10,58%	+27,74%

Table 8

*profitability in dollars

Price variations in various directions in the classical RTS market) where settlements are made in US dollars), MICEX (where settlements are made in Rubles) in certain periods were mainly associated with fluctuations of the exchange rate.

DYNAMICS OF VALUE OF SHARES OF OJSC "OGK-2" ON MICEX, STOCK EXCHANGE AND CLASSIC RTS MARKETS

Value as of the end of the period	Classic RTS market, \$	Stock Exchange RTS market, rubles	MICEX, rubles	US Dollar exchange rate
2006	0,137	3,6	3,663	26,3789
2007	0,154	3,700	3,745	24,4733
January 2007	0,151	4,038	4,002	26,5331
February 2007	0,16	4,120	4,21	26,1599
March 2007	0,165	4,300	4,25	26,0204
April 2007	0,16	4,109	4,167	25,7469
May 2007	0,1411	—	—	25,7691
June 2007	0,16	3,900	4,199	25,8928
July 2007	0,16	4,200	4,191	25,6574
August 2007	0,1565	—	3,873	25,4401
September 2007	0,157	4,400	3,86	25,5896
October 2007	0,1325	3,300	3,26	24,9814
November 2007	0,1283	3,360	3,13	24,6847
December 2007	0,154	3,700	3,745	24,4733
Variation over the year of 2007	12,41%	2,78%	2,24%	7,22%

Table 9

DYNAMICS OF VALUE OF SHARES IN OJSC "OGK-2" IN COMPARISON WITH RTS, RTS-2 AND RTS-ELECTRIC ENERGY INDICES IN 2007

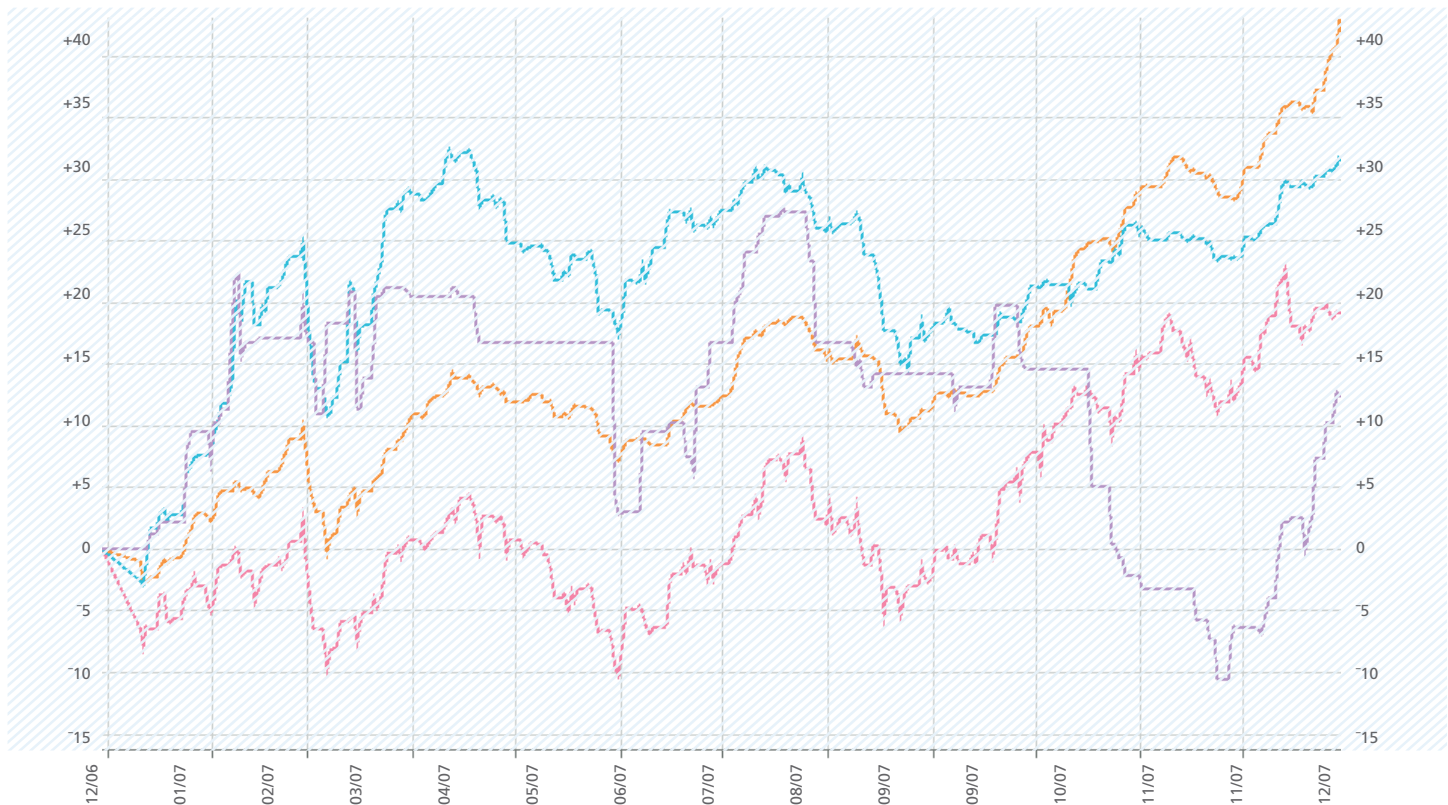


Fig. 4

VOLUMES OF TRADES 2007

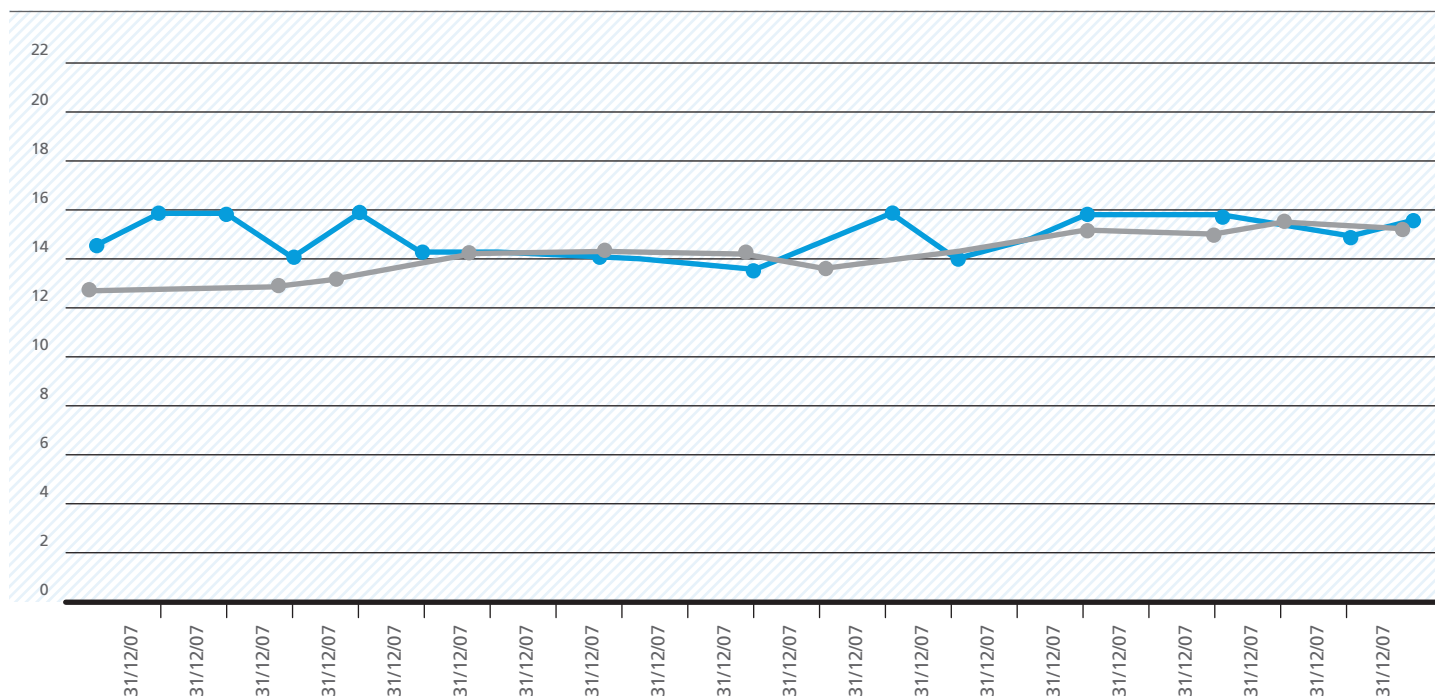


Fig. 5

The most important factors which influenced the market of shares of OJSC "OGK-2" in 2007:

The mortgage credit crisis in the USA and world liquidity crisis, slow-down of rates of growth of the world economy and growth of popularity of the emerging markets,

General growth of Russian stock exchange,

Continuation of the reform of the electric energy system,

Public offering of securities of OJSC "OGK-2" and other companies in the electrical energy system

PROGRAM OF GDRS OF OJSC "OGK-2"

For the purpose of ensuring the circulation of shares of OJSC "OGK-2" abroad, improvement of liquidity of securities of the company, attraction of new long-term investors and ensuring the protection of rights of foreign investors the Company approved the sponsored program, of global depository receipts on shares (GDR) according to the Regulations 5 (Reg. 5).

The Federal Service for Financial Markets authorized by Order of 07.08.2007 No. 07-1737/pz¹ offering and circulation of 8.4 billion shares of OJSC "OGK-2" in the form of global depository receipts outside the Russian Federation.

Each depository receipt certifies the right in relation to 100 registered ordinary shares of OJSC "OGK2". GDRs and shares provide equal rights.

The depository bank is Deutsche Bank Trust Company Americas. Holders of GDRs of OJSC “OGK-2” first of all include foreign investors. Investors who submitted applications for acquisition of

GDRs in the course of offering included well-known companies (funds) from England, USA, Austria, Switzerland, Norway.

The Company supposes that dividends which will be further paid on Shares transferred to the Depository or its nominal holder in the interests of GDRs holders will be declared and paid to the Depository in rubles and converted by the Depository into US dollars and will be paid to holders of GDRs less fees and costs of the Depository. Therefore, the amount of dividends which will be received by holders of GDRs will depend on fluctuations of the exchange rate of the Ruble to US Dollar.

The GDR Program of OJSC "OGK-2" will ensure rights of holders of depository receipts of OJSC RAO "UES of Russia" within the framework of reorganization of the energy holding.

GDRs are included in the Official list of the Listing Administration of Great Britain. On the 4th of October unconditional stock exchange trades commenced on the London Stock Trading under the symbol OGG2.

VALUE OF GDRS AND SHARES IN DECEMBER 2007

The total volume of the GDR program as of the end of 2007 amounted to 15.74 million GDRs (since October it was reduced by 277.4 thousand GDRs). Change in the amount of GDRs is a natural process which goes both upwards and downwards. "Deutsche Bank" issued 62 thousand new GDRs and UFG converted 340 thousand GDRs into shares.

NUMBER OF ISSUED GDRS

DATE	NUMBER OF GDRS, PIECES
October 4, 2007	6 017 639
October 31, 2007	16 017 639
November 30, 2007	15 740 239
December 31, 2007	15 740 239

Table 10

IMPROVEMENT OF LIQUIDITY OF SHARES AND GDRS

In 2007 activities of trades of global depository receipts of OJSC "OGK-2" on the London Stock Exchange in comparison with activities of trades of shares of OJSC "OGK-2" in Russia was not considerable. According to reports of the depository bank over the period from 04.10.2007 to 31.12.2007 transactions were executed within 5 days, the total amount of transactions was 8.828 million US dollars.

Relatively low activities of GDR trades may be partially explained by the following factors:

- the cost of GDRs until the end of 2007 remained lower than the price of offering which did not allow to GDR holders to "exit the market with profit"
- many investors acquired GDRs reckoning upon "long-term perspective"
- in case of necessity to buy GDRs the depository bank may acquire shares in OJSC "OGK-2" in the Russian market and convert them into GDRs (the reverse is also true), as a result of such a procedure trades are "transferred" from LSE to Russian stock exchanges.

In December 2007 for the purpose of protection of interests of shareholders and investors the decision was taken on the development of a program for improvement of liquidity of the securities of OJSC "OGK-2", circulating abroad.⁴

OBJECTIVES AND TASKS OF THE PROGRAM FOR 2008-2010:

1) Improvement of liquidity of the securities of OJSC "OGK-2" circulating abroad, in 2008-2010;

2) Increase of capitalization of OJSC "OGK-2" (increase of the average price of 1 share and increase of the number of transactions with shares and global depository receipts on shares of OJSC "OGK-2");

3) Expansion of the range of potential investors Liquidity of global depository receipts on shares means the possibility of the GDR holders to convert (sell) the GDRs belonging to them soon and without any significant losses.

Liquidity means availability of a developed GDR market, insignificant spread between purchase prices and sale prices and relatively low price volatility.

For the purpose of maintaining liquidity the Company in 2008 and further on realizes the following main activities:

- Transfer of shares from Quotation lists "B" to quotation lists "A2" of Russian stock exchanges RTS and MICEX
- Engagement of market makers for Russia (RTS, MICEX) and London Stock Exchanges
- Improvement of the process of corporate management and ensuring the improvement of the rating of corporate management
- Execution of investigation of perception of OJSC "OGK-2" by the investment community (identification of opinions of holders of securities; monitoring the opinions of investors on quality of corporate management, level of transparency of the company, attractiveness of the Company as an investment object; compilation of suggestions and wishes in relation to methods and measures for improvement of the process of corporate management) and work following the results of investigations
- Execution of regular activities aimed at interaction with analysts, shareholders and investors:
 - Dispatch of information (IR releases);
 - Organization of internet conferences, conference calls;
 - Participation in round tables, seminars, investment conferences and forums;
 - "Analyst Day";

Arrangement of familiarization IR tours for analysts to

- production facilities of the Company;

- Organization of regular meetings in the format "face-to-face" at the request of investors;

- Execution of road show



GENERAL SALES INDICATORS

OJSC "OGK-2" includes Pskovskaya GRES, Serovskaya GRES, Stavropolskaya GRES, Surgutskaya GRES¹ and Troitskaya GRES.

The installed capacity of plants included in the configuration of OJSC "OGK-2" amounts to 8695 MW. Specific weight of plants in the installed capacity of the Company is presented in fig. 2.5.1.

SPECIFIC WEIGHT OF PLANTS IN THE INSTALLED CAPACITY OF OJSC "OGK-2"

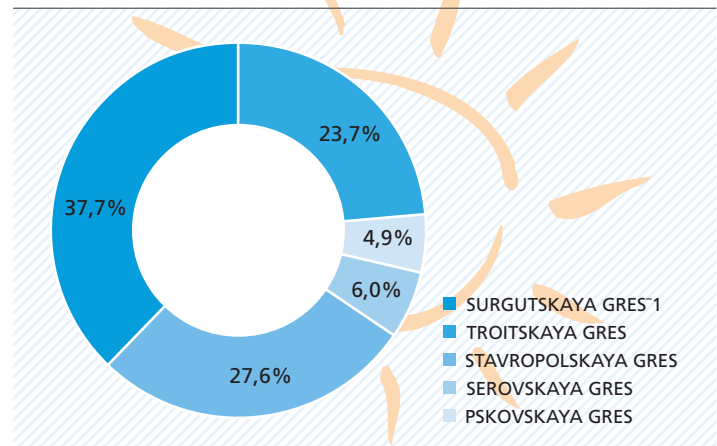


Fig. 6

DYNAMICS OF WORKING CAPACITY AND ELECTRICAL ENERGY GENERATION OF PLANTS INCORPORATED IN OJSC "OGK-2" OVER 2005-2007

PLANT NAME	WORKING CAPACITY, MW			ELECTRICAL ENERGY GENERATION, MLN. KW/H		
	2005	2006	2007	2005	2006	2007
PSKOVSKAYA GRES	380,0	397,3	335,0	1 469,3	1 890,0	1 735,4
SEROVSKAYA GRES	366,2	416,6	442,8	3 092,5	3 228,3	3 087,2
STAVROPOLSKAYA GRES	2 024,2	1 894,0	2 045,9	8 596,5	9 830,2	9 703,9
SURGUTSKAYA GRES ¹	2 792,6	2 861,0	2 819,6	22 922,3	24 147,5	24 469,3
TROITSKAYA GRES	1 577,5	1 521,9	1 617,0	4 930,8	8 987,6	9 026,3
OGK-2	7 140,5	7 090,8	7 260,3	41 011,4	48 083,6	48 022,1

Table 11

DYNAMICS OF WORKING CAPACITY (MW) IN 2005-2007

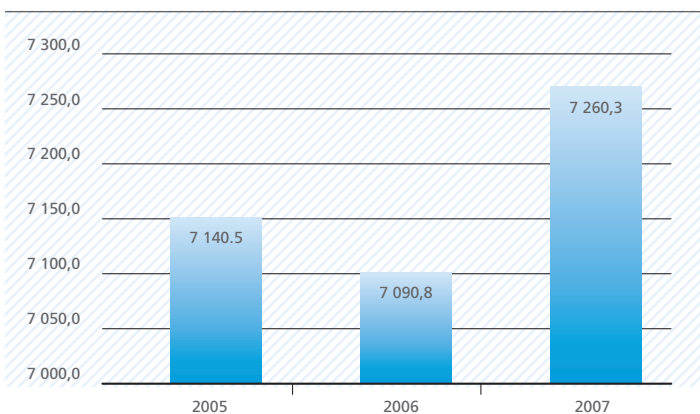


Fig. 7

DYNAMICS OF ELECTRICAL ENERGY GENERATION (MLN. KW/H) IN 2005-2007

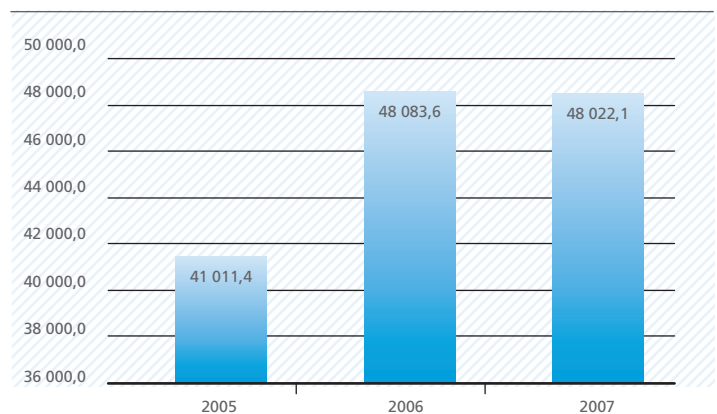


Fig. 8

The greatest share among all plants incorporated in OJSC "OGK-2", with regards to all the main technical parameters, belongs to Surgutskaya GRES¹: 37.7% installed capacity; 40.3% working capacity and 51.0% electrical energy generation in 2007.

GENERAL INDICATORS OF ACTIVITIES OF OJSC "OGK-2" IN 2007

SUBDIVISION	Year of introduction into operation	Installed capacity, MW	Share, %	Working capacity in 2007, MW	Generation in 2007, mln. KW/h	Share, %	Average number of personnel in 2007, persons	Number of employees as of 1.01.2007, persons
PSKOVSKAYA GRES	1993-1996	430	4,9	335,0	1 735,4	3,6	452	410
SEROVSKAYA GRES	1954-1959	526	6,0	442,8	3 087,2	6,4	465	476
TROITSKAYA GRES	1960-1976	2 059	23,7	1 617,0	9 026,3	18,8	1 576	1 585
STAVROPOLSKAYA GRES	1975-1983	2 400	27,6	2 045,9	9 703,9	20,2	952	961
SURGUTSKAYA GRES-1	1972-1983	3 280	37,7	2 819,6	24 469,3	51,0	1 065	1 096
EXECUTIVE APPARATUS	—	—	—	—	—	—	190	202
TOTAL	—	8 695	100,0	7 260,3	48 022,1	100,0	4 700	4 730

Table 12

SPECIFIC WEIGHT OF PLANTS IN WORKING CAPACITY OF OJSC "OGK-2" FOR 2007

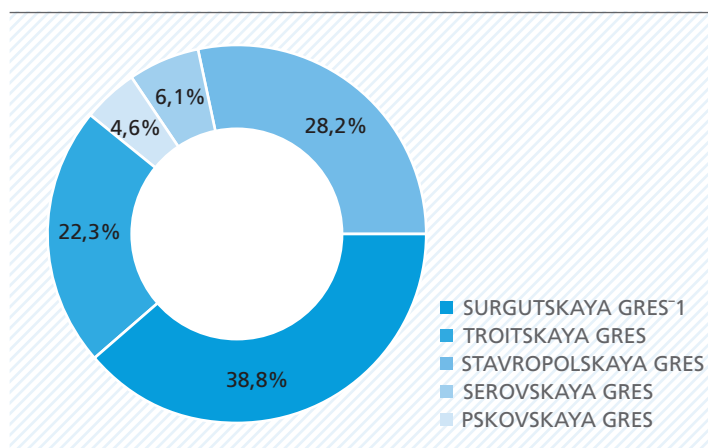


Fig. 9

SPECIFIC WEIGHT OF PLANTS IN ELECTRICAL ENERGY GENERATION OF OJSC "OGK-2" FOR 2007

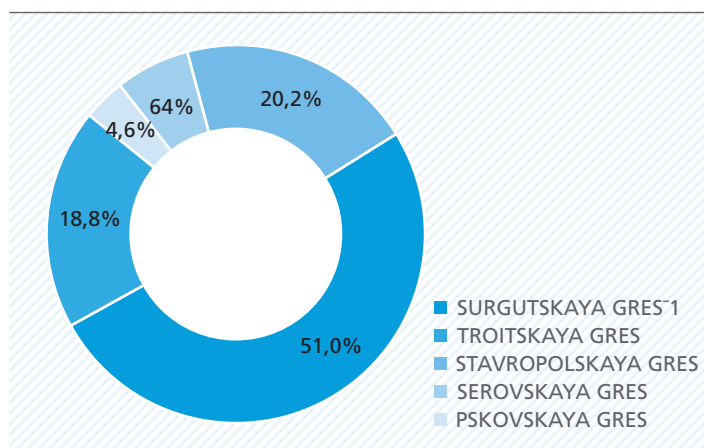


Fig. 10

ANALYSIS OF THE MARKET, COMPETITIVE ENVIRONMENT OF THE COMPANY

PRIMARY MARKETS WHERE THE COMPANY EXERCISES ITS ACTIVITIES

The Company represents one of the heating generation companies and exercises its activities in the Russian wholesale market of electrical energy power.

Products of the Company are the electrical and heat energy which is produced by power plants — branches of the Company. All generated energy powers plants — branches of OJSC "OGK-2" realize in the wholesale market of electrical energy (power) (WME), the procedure for operation of which, beginning from September 2006, was improved by Resolution of the Government of the Russian Federation of the 31st of August 2006 No. 529. As a result the new model of the wholesale market of electrical energy (power) was launched — NMWMEP.

Currently the main part of electrical energy is realized on the basis of regulated contracts but in further years the extent of liberalization of NMWMEP — i.e. the share of electrical energy

realized at non-regulated prices established by the Government of the Russian Federation will be continuously growing.

Heat energy of the power plant is realized by OJSC "OGK-2" in the retail market.

RISKS ASSOCIATED WITH SALES ACTIVITIES OF OJSC "OGK-2":

- Enforcement of competition in the Russian market of electrical energy;
- Aging and wear of the main generating equipment, lack of investment resources for modernization of facilities;
- Growth in the prices for fuel used in the course of production of electrical energy and heat energy;
- Growth of established tariffs for electrical energy under regulated contracts of NMWMEP, lower than the inflation level.

FOR THE PURPOSE OF IMPROVEMENT OF ITS COMPETITIVE POSITIONS OGK-2 PLANS:

- To carry out modernization of the main generating equipment,

in particular, with the attraction of borrowed funds;

- To optimize the fuel balance and mode of operation of equipment, thus reducing costs for production of electrical energy and heat energy and as a consequence the production cost of the produced goods;

- To achieve improvement of payment discipline for released heat energy.

BASIC FACTORS INFLUENCING DEVELOPMENT OF OGK-2 AND INDUSTRY AS A WHOLE:

- Significant growth of energy consumption, consequent increase in production of heat energy and electrical energy;

- Improvement of payment disciplines of consumers of heat and electrical energy;

- Improvement of financial results of activities of energy companies;

- Improvement of the structure of balance of regional energy systems;

- Reduction of the level of cross subsidization;

- Aging of the main equipment (power plants, electrical and heat networks) of energy companies, lack of investment resources for maintenance of generation capacities.

ACTIONS TAKEN BY OGK-2 FOR EFFICIENT USE OF THESE FACTORS AND CONDITIONS:

- Modernization of the main generating equipment;

- Optimization of fuel balance and the mode of operation of the equipment, thus reduction of costs for the production of electrical energy and heat energy and as a consequence reduction of the production cost of produced goods;

ACTIONS TAKEN BY OGK-2 FOR REDUCTION OF UNFAVORABLE EFFECT OF FACTORS AND CONDITIONS INFLUENCING THE ACTIVITIES OF THE COMPANY:

- Development of the modern system of distribution of electrical energy;

- Reduction of losses of electrical energy;

- Enforcement of financial control and introduction of a cost reduction program.

ANALYSIS OF REGIONAL MARKETS, COMPETITIVE ENVIRONMENT OF THE COMPANY

In accordance with the Concept of the Strategy of OJSC RAO "UES of Russia" for 2003-2008 "5+5" the main competitors of the Company in the wholesale market of electrical energy shall become 5 other thermal OGKs formed simultaneously with it, the unified HydroOGK as well as atomic power plants incorporated in the system of the Federal State Unitary Enterprise "Rosenergoatom".

Analysis of regional markets and the main competitors of Plants incorporated in OJSC "OGK-2", their advantages and disadvantages, competitive advantages of OJSC "OGK-2":

PSKOVSKAYA GRES is situated in the united energy system of the North-West. According to the basic variant of the Scenario

Conditions of Development of the Electrical Energy System for 2008-2011 growth of electricity consumption in the united energy system of the North-West during the above mentioned period will amount to 5.4-8.9% per year. In addition, loading of the power plant ensures technical possibility for export supplies to energy systems of Byelorussia and Baltic countries due to the location of the Pskovskaya GRES in the electrical network ensuring parallel operation of energy systems of the above mentioned countries with the UES of Russia. In accordance with the above listed factors the Pskovskaya GRES has prospects of stable growth of demand for electrical energy. The sole competitor of the Pskovskaya GRES is the Kashirskaya GRES (OJSC "OGK-6") which also has block condensation equipment in the unit of the Lenenergo-Pskovenergo — UES of Baltic. However, equipment of Pskovskaya GRES is characterized by rather high maneuvering capacities at lower cost indicators in comparison with the Kashirskaya GRES which, subject to availability of necessary volume of gas provides for the possibility for priority loading of the power plant.

SEROVSKAYA GRES has a high demand in the power unit with the forecasted increase in consumption up to 1752 MW until 2011 and the possibility to vary the loading for ensuring the coverage of the unequal day schedules of consumption. At present deficit of the Serovskiy-Bogoslovskiy unit to which electrical energy is released from the Serovskaya GRES amounts to at least 700 MW year round. The above mentioned deficit is covered on account of almost full loading of the electrical transmission lines of electrical communications with the Sverdlov energy system. Consumers of this energy unit have repeatedly announced readiness to increase power of internal consumption which may be covered on account of compression of the annual schedule of load of the Serovskaya GRES as well as on account of new power units included in the construction program of OJSC RAO "UES of Russia" at the Serovskaya GRES on the basis of up-to-date highly efficient technologies. Competitors — Bogoslovskaya HPP (OJSC "TGK-9") which is characterized by higher, in comparison with the Serovskaya GRES, dependence of the mode of operation on heat load of consumers and lower installed capacity in comparison with Serovskaya GRES.

STAVROPOLSKAYA GRES is situated in the UES of the South which is in deficit in terms of the balance of electrical energy. Load of the power plant ensures technical possibility for export supplies of electrical energy to Georgia and Azerbaijan (in transit through Georgia) as well as maintenance of overflows in the system forming electrical network of the UES of the South at accessible level. The power plant is one of the largest units of anti-emergency automatics in the UES of the South. Competitors of the Stavropolskaya GRES the UES of the South are the Nevinnomysskaya GRES (OJSC "OGK-5") and Novocherkasskaya GRES (OJSC "OGK-6"). Among advantages of the Stavropolskaya GRES it is still possible to mention the most optimal TEI, a large range of regulation, speed of setup and reset of load which ensures maximum possibilities of the power plant for coverage of the consumption schedule. The Novocherkasskaya GRES uses coal as its main fuel. Two gas plants Stavropolskaya and Nevinnomysskaya GRES ensure more favorable environmental situation in the region however power units of the Nevinnomysskaya GRES are characterized by a higher percentage of wear of equipment, lower range of

regulation and speed of setup and reset of load. Increase in electricity consumption in the UES of the South in 2008–2011 is expected to be stable — at the level of 5% per year. Therefore, the Stavropol GRES's demand in the wholesale market during the above mentioned period will remain high.

SURGUTSKAYA GRES-1 is located in the Tyumen energy system included in the UES of Ural. The regional situation of the power plant has for the last several years been characterized by a high level of increase in electricity consumption (not less than 5% per year) which conditions demand electrical energy offered by the power plant for realization in full. The main competitors are the Nizhnevartovskaya GRES (OJSC "OGK-1") and Surgutskaya GRES-2 (OJSC "OGK-4"). The Surgutskaya GRES-1, in comparison with its competitors, is characterized by the least maneuvering capacities, however, the value of installed capacity of each power unit of competitors is 4 times higher than the installed capacity of each power unit of the Surgutskaya GRES-1 which affects fulfillment of the dispatching schedule of loads in case of emergency disconnection of equipment and, as a consequence, leads to significant financial losses in the balancing market.

TROITSKAYA GRES is located in the UES of Ural and has a favorable geographical position in relation to large industrial centers—Chelyabinsk and Magnitogorsk as well as the Northern Kazakhstan. The UES of Ural is the most dynamic in terms of growth of electricity consumption (about 4 % per year) in the UES of Russia. The above mentioned factor directly increases demand for electrical energy generated by the power plant. The Troitskaya GRES represents a large condensation power plant of the general system purpose, therefore, its competitors are powerful thermal power plants which also have the status of the level of UES and are situated in the European part of Russian and in the Ural. The main competitor is the Yuzhno-Uralskaya GRES (OJSC "OGK-3"). At that, 87% of the installed capacity of the Troitskaya GRES is presented by 300 and 500 MW units characterized by a greater range of load regulation. In addition, the Yuzhno-Uralskaya GRES is characterized by a higher cost of production of electrical energy in general for the power plant due to the fact that the fuel component for the production of electrical energy is gas (main fuel used by energy blocks of the Yuzhno-Uralskaya GRES) and exceeds the fuel component of the Troitskaya GRES, the main fuel of which is Ekibastuz coal.

STRUCTURE OF ELECTRICAL ENERGY GENERATION BY POWER PLANTS — BRANCHES OF OJSC "OGK-2" IN 2005–2007

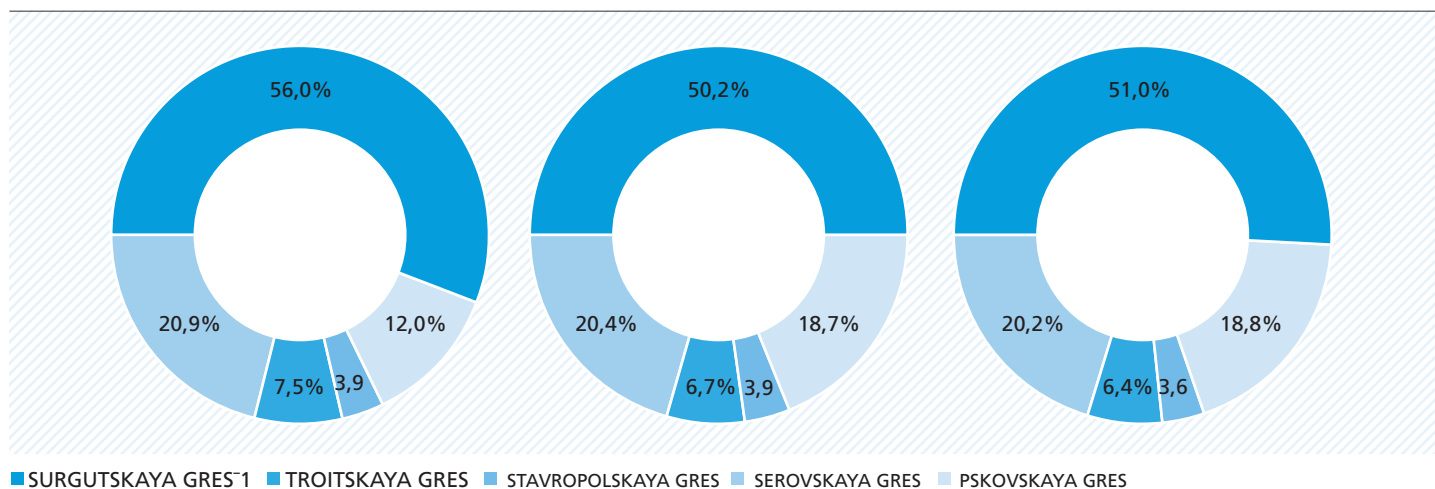


Fig. 11

VOLUMES OF ELECTRICAL ENERGY GENERATION (MLN. KW*H) BY POWER PLANTS — BRANCHES OF OJSC "OGK-2" IN 2005-2007

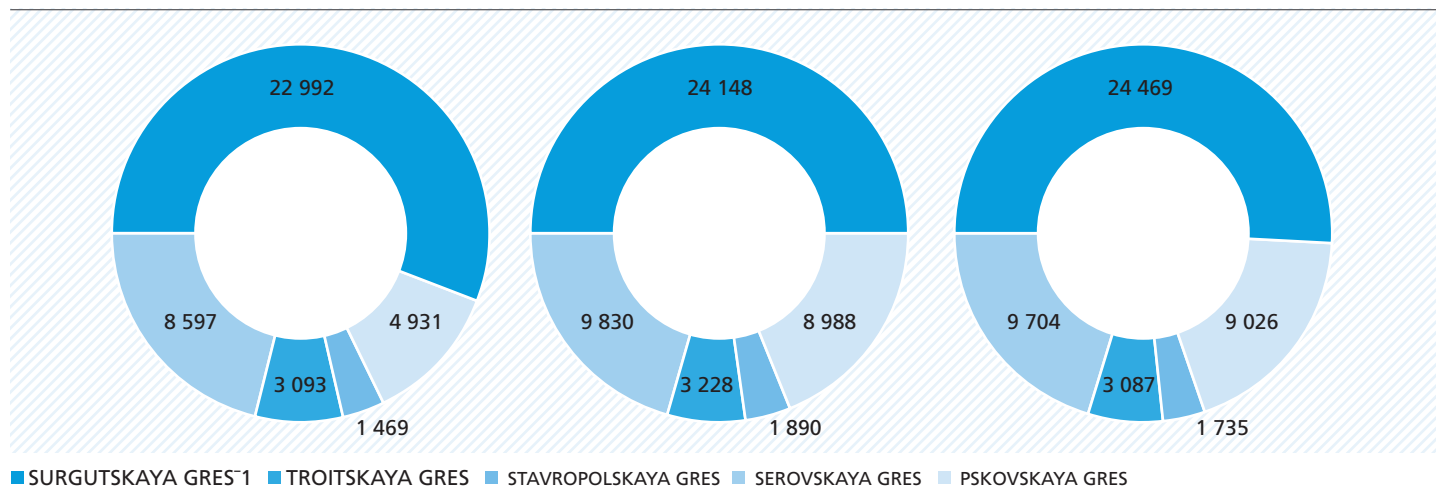


Fig. 12

LOAD, RESERVE AND ACTUAL WORKING CAPACITY OF POWER PLANTS — BRANCHES OF OJSC "OGK-2" IN 2005-2007

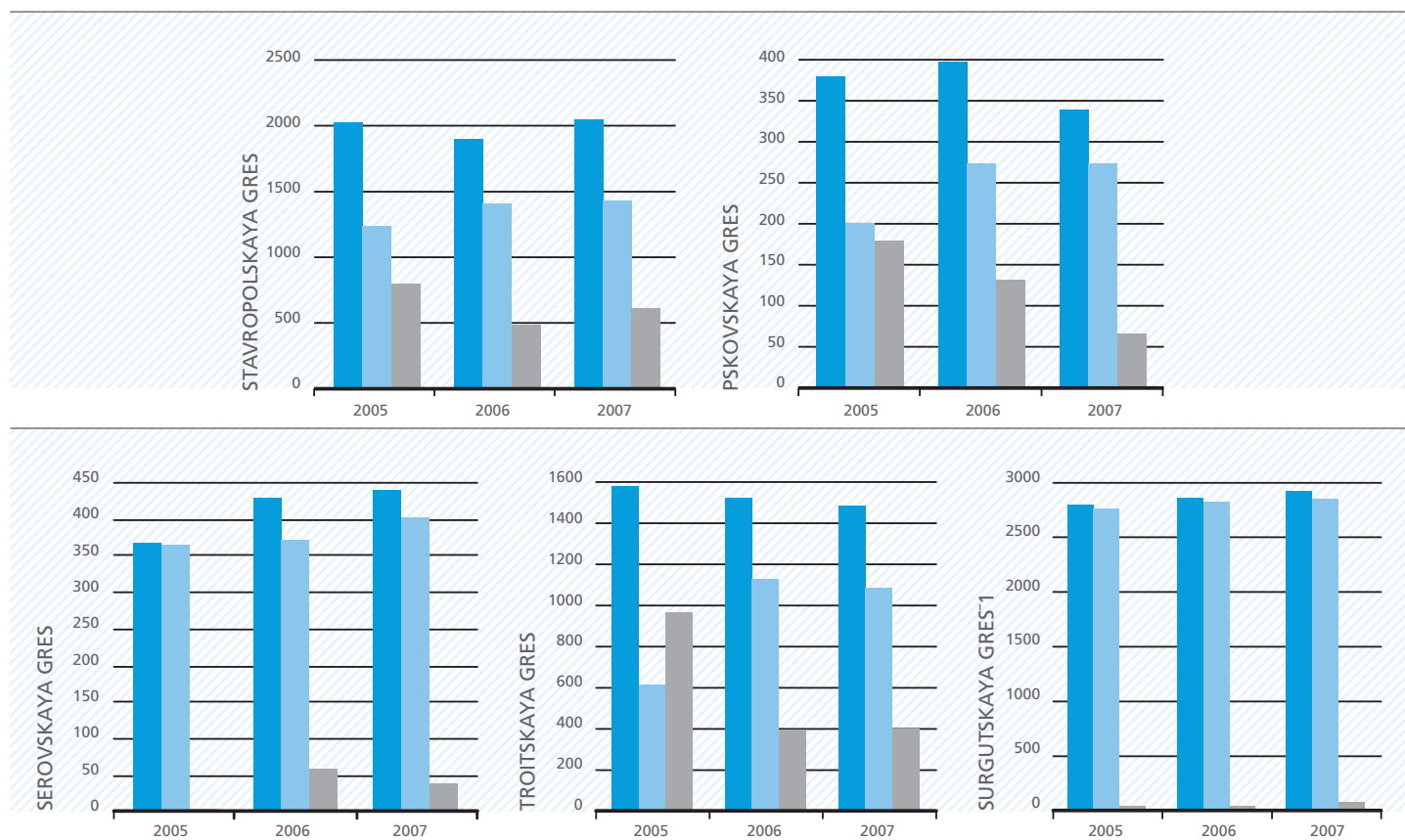


Fig. 13

DYNAMICS OF USEFUL OUTPUT OF ELECTRICAL ENERGY AND HEAT ENERGY IN 2005-2007

DYNAMICS OF USEFUL OUTPUT (BALANCE OF OVERFLOWS) OF ELECTRICAL ENERGY IN 2005-2007

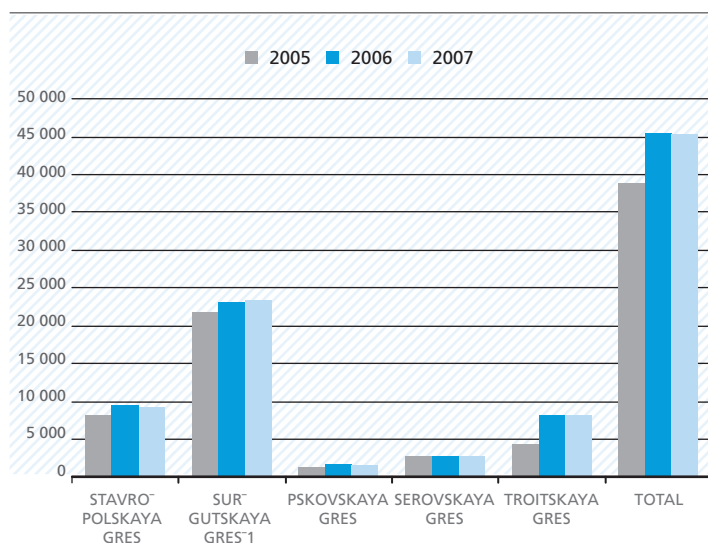


Fig. 14

DYNAMICS OF USEFUL OUTPUT OF HEAT ENERGY IN 2005-2007

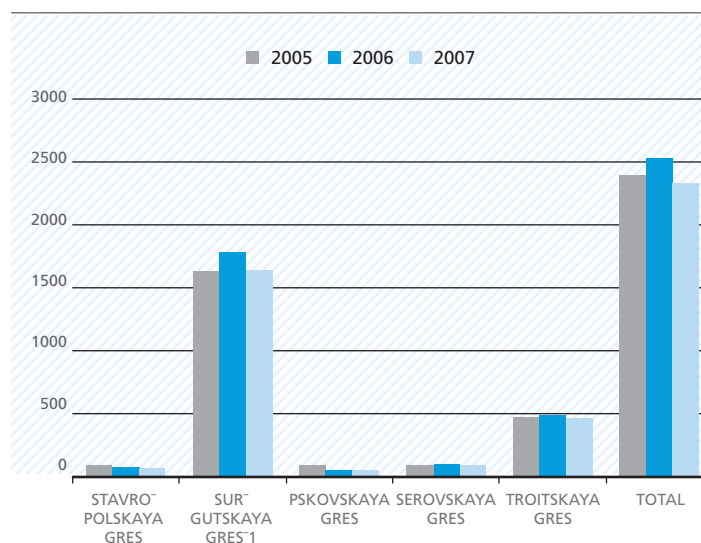


Fig. 15

DYNAMICS OF VARIATION OF VOLUMES OF PURCHASED ELECTRICAL ENERGY IN 2005-2007

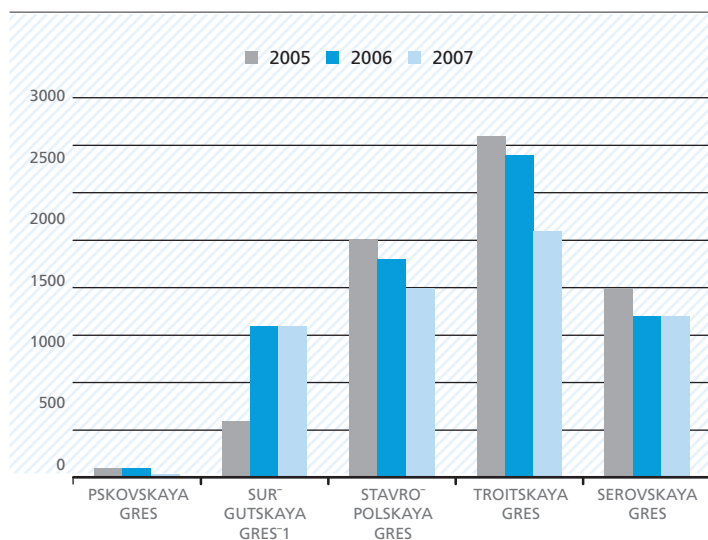


Fig. 16

DYNAMICS OF VARIATION OF VOLUMES OF PURCHASED HEAT ENERGY OF THE SURGUTSKAYA GRES-1 IN 2005-2007

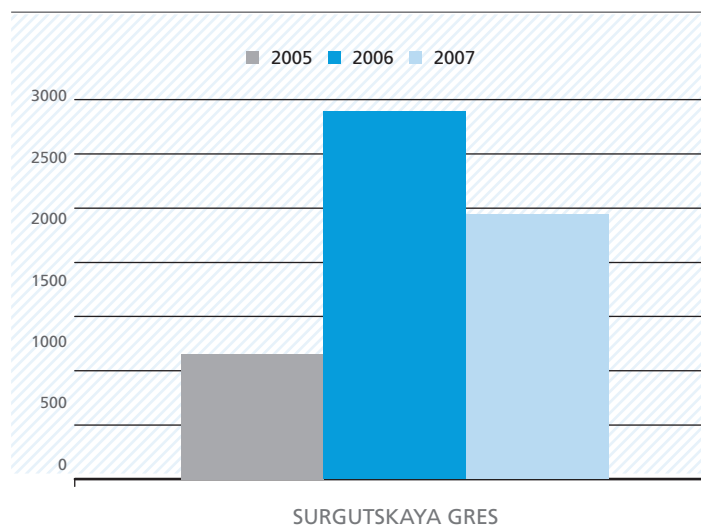


Fig. 17

Dynamics of variation of volumes of purchased heat energy of the Surgutskaya GRES-11. For the other power plants — branches of OJSC "OGK-2" this indicator is zero.

GENERATING AND TRANSPORTATION FACILITIES

INFORMATION ABOUT COMPOSITION AND CHARACTERISTICS OF THE MAIN EQUIPMENT OF PLANTS OF OJSC "OGK-2":

Power Plant Installed Capacity	Fuel Type	Boilers					Turbines		
		N of the power plant	Boiler type	Steam. т/час	Pressure, MPa	Temperature, C	N of the power plant	Turbine type	Installed capacity, MW
1	2	3	4	5	6	7	8	9	10
SEROVSKAYA GRES 526	Gas Coal Ekibastuz Fuel oil (starting)	1	BK3-75- 39GM	-	25,5	-	-	-	-
		2	BK3-75- 39GM	75	25,5	440	2	PT-12-35/10M	12,0
		2	BK3-75- 39GM	75	25,5	440	2	PT-12-35/10M	12,0
		1	PK-14	230	25,5	510	1	K-50-90	50,0
		2	PK-14	230	25,5	510	2	K-50-90	50,0
		3	PK-14	230	25,5	510	3	-	-
		4	PK-14	230	25,5	510	4	K-50-90	50,0
		5	PK-14	230	25,5	510	5	K-100-90M	88,0
		6	PK-14-R	230	10,0	510	6	T-88/100-90	88,0
		7	PK-14-R	230	10,0	510	7	K-100-90	100,0
		8	PK-14-R	230	10,0	510	8	K-100-90	100,0
		9	PK-14-R	230	10,0	510			
		10	PK-14-R	230	10,0	510			
		11	PK-14-R	230	10,0	510			
		12	PK-14-2	230	25,5	510			

Table 13

DYNAMICS OF COSTS FOR REPAIR OF FIXED PRODUCTION ASSETS OVER LAST 3 YEARS IN THE DISCOUNTED PRICES (GRAPHICAL AND TEXTUAL PRESENTATION).

Rates of increase of inflation over last 3 years exceeded rates of increase of rates of production of electrical energy and heat energy. In this result, the amount of funds allocated for repair of fixed production assets increasing on a yearly basis in the absolute value, was continuously decreasing in discounted prices as of the beginning of 2005. In the absolute value the growth of costs from 2005 to 2007 amounted to 13%, in discounted prices as of 01.01.2005 — decline of 12%.

INFORMATION ABOUT COMPOSITION AND CHARACTERISTICS OF THE MAIN EQUIPMENT OF PLANTS OF OJSC "OGK-2"

Power Plant Installed Capacity	Fuel Type	Boilers					Turbines		
		N of the power plant	Boiler type	Steam. t/hac	Pressure, MPa	Temperature, C	N of the power plant	Turbine type	Installed capacity, MW
1	2	3	4	5	6	7	8	9	10
STAVRO- POLSKAYA GRES 2400	Gas Fuel oil	1	TGMP-314A	1000	25,5	545/545	1	K-300-240-2	300,0
		2	TGMP-314A	1000	25,5	545/545	2	K-300-240-2	300,0
		3	TGMP-314A	1000	25,5	545/545	3	K-300-240-2	300,0
		4	TGMP-314A	1000	25,5	545/545	4	K-300-240-2	300,0
		5	TGMP-314A	1000	25,5	545/545	5	K-300-240-2	300,0
		6	TGMP-314A	1000	25,5	545/545	6	K-300-240-2	300,0
		7	TGMP-314A	1000	25,5	545/545	7	K-300-240-2	300,0
		8	TGMP-314A	1000	25,5	545/545	8	K-300-240-2	300,0
TROIISKAYA GRES 2059	Coal Ekibastuz Fuel oil (starting)	1A	PK-14-2	220	10,0	510	1	VT-85-90-2,5	85,0
		1B	PK-14-2	190	10,0	510			
		2A	PK-14-2	220	10,0	510	2	VT-85-90-2,5	85,0
		2B	PK-14-2	220	10,0	510			
		3A	PK-14-2	220	10,0	510	3	VT-85-90-2,5	85,0
		3B	PK-14-2	190	10,0	510			
		4A	PK-39	475	25,5	545/545	4	K-300-240- 2PP-1	278,0
		4B		475	25,5	545/545			
		5A	PK-39	475	25,5	545/545	5	K-300-240	278,0
		5B		475	25,5	545/545			
		7A	PK-39	475	25,5	545/545	7	K-300-240	278,0
		7B		475	25,5	545/545			
		8	P-57	1650	25,5	545/545	8	K-500-240	485,0
		9	P-57	1650	25,5	545/545	9	K-500-240	485,0
		1A	TPE-208	670	14	545/545	1	K-215-130	215,0
		1B			14	545/545			
PSKOVSKAYA GRES 430	Gas	2A	TPE-208	670	14	545/545	2	K-215-130	215,0
		2B			14	545/545			
		1	TGM-104	640	14,0	545	1	K-200-130-3	210,0
		2	TGM-104	640	14,0	545	2	K-200-130-3	210,0
SURGUTSKAYA GRES-1 3280	Gas (Diesel fuel —emergency)	3	TG-104	670	14,0	545	3	K-200-130-3	210,0
		4	TG-104	670	14,0	545	4	K-200-130-3	210,0
		5	TG-104	670	14,0	545	5	K-200-130-3	210,0
		6	TG-104	670	14,0	545	6	K-200-130-3	210,0
		7	TG-104	670	14,0	545	7	K-200-130-3	210,0
		8	TG-104	670	14,0	545	8	K-200-130-3	210,0
		9	TG-104	670	14,0	545	9	K-200-130-3	210,0
		10	TG-104	670	14,0	545	10	K-210-130-3	210,0
		11	TG-104	670	14,0	545	11	K-210-130-3	210,0
		12	TG-104	670	14,0	545	12	T-178/210-130	178,0
		13	TG-104	670	14,0	545	13	K-200-130-3	210,0
		14	TG-104	670	14,0	545	14	T-180/210- 130-1	180,0
		15	TG-104	670	14,0	545	15	T-180/210- 130-1	180,0
		16	TG-104	670	14,0	545	16	K-210-130-3	210,0

Table 13

DYNAMICS OF COSTS FOR REPAIR OF FIXED PRODUCTION ASSETS OVER LAST 3 YEARS
IN THE DISCOUNTED PRICES (GRAPHICAL AND TEXTUAL PRESENTATION).

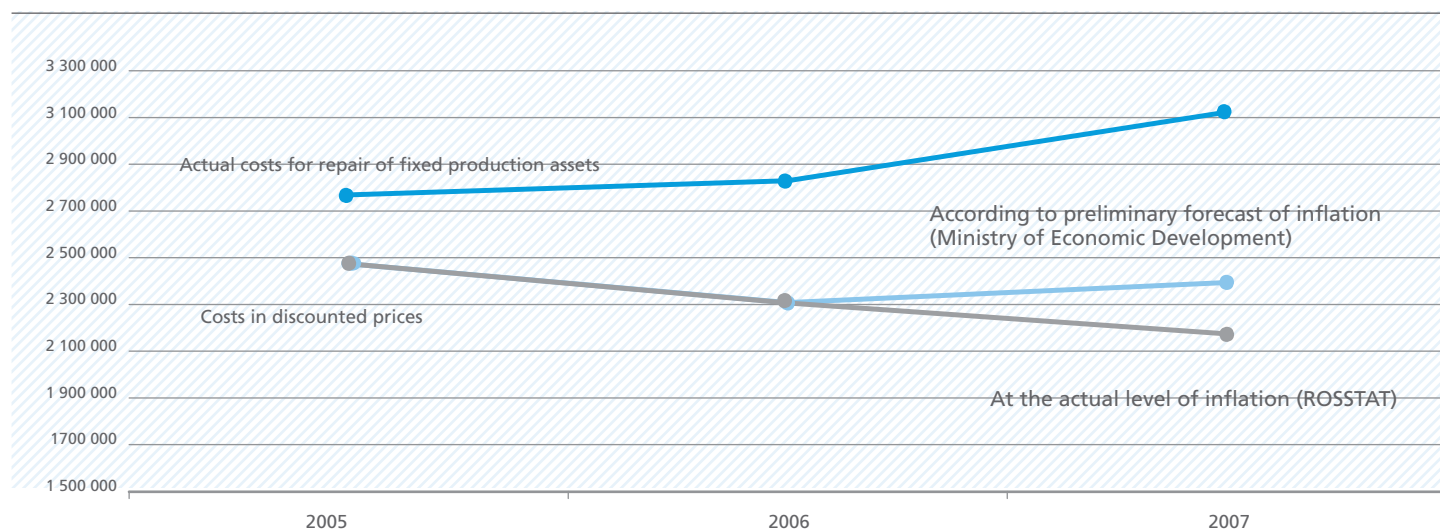


Fig. 18

At planning of the allocated budget for repair in 2007 it was proposed to cover rates of inflation forecasted by the Ministry of Economic Development in 2007: index of increase in prices of producers of industrial products at the rate of 4.8%, consumer price index — 7.5%. And even a small increase to the level of 2006 was provided for repair of worn equipment (the red line in the chart Fig.4.5.1):

However, according to the Federal State Statistical Service (ROSSTAT) the index of increase in prices of producers of industrial products actually amounted to 25.1%, the consumer price index — 11.9% which was reflected in the chart by reduction of costs to the level of 2005 (the green line in the chart Fig.4.5.1).

DYNAMICS OF INDICATORS OF EMERGENCY OVER 2005-2007

There have been no fires and accidents during last 3 years in plants of OJSC "OGK-2".

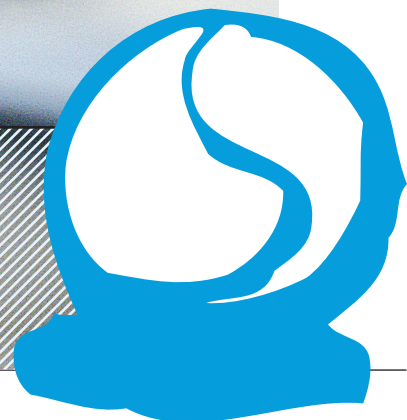
STATISTICAL DATA ON ACCIDENTS OVER THE PERIOD FROM 2005 TO 2007

	ACCIDENTS			INCIDENTS		
	2007	2006	2005	2007	2006	2005
Power plants						
Pskovskaya GRES	0	0	0	5	7	4
Serovskaya GRES	0	0	0	69	68	70
Stavropolskaya GRES	0	0	0	13	16	14
Surgutskaya GRES-1	0	0	0	55	59	48
Troitskaya GRES	0	0	0	75	66	41
Total at OGK-2	0	0	0	217	216	177

Table 14



INVESTMENT ACTIVITIES OF THE COMPANY



ANNUAL PROGRAM FOR PRODUCTION DEVELOPMENT OF THE EXECUTIVE APPARATUS AND BRANCHES OF OJSC "OGK-2" FOR 2007 (PLAN)

Brand name	Investments (thousand rubles)	Including:	
		Technical re-equipment	New construction
Troitskaya GRES	485 537	350 020	135 517
Surgutskaya GRES-1	304 635	304 635	
Pskovskaya GRES	242 728	237 728	5 000
Stavropolskaya GRES	267 233	178 612	88 620
Serovskaya GRES	187 432	62 071	125 362
Executive Apparatus	88 159	88 159	
Total for OJSC "OGK-2"	1 575 724	1 221 225	354 499

Table 15.

The main objectives of the investment policy of OJSC "OGK-2" are the improvement of efficiency and reliability of the operation of plants incorporated in OJSC "OGK-2", reduction of the possibility of occurrence of emergency situations, improvement of environmental security of the energy system.

The annual program of production development of the Executive Apparatus and branches of OJSC "OGK-2" for 2007 approved by OJSC RAO "UES of Russia" provided for mastering of capital investment in the amount of 1,575,724 thousand rubles (exclusive of VAT).

Actual fulfillment of capital investments for OJSC "OGK-2" in 2007 amounted to 1,465,939 rubles which constitutes 93% of the plan of the year, at that the highest percentage of fulfillment of the Program is demonstrated by the Pskovskaya GRES and Stavropolskaya GRES.

Capital investments in 2007 were distributed in the following directions:

Research and design works of future years — 4.5 %; Equipment not requiring assembly — 10 %; Other facilities — 1.6 %; Basic works associated with technical re-equipment and repair — 89.8%

ACTUAL FULFILLMENT OF THE ANNUAL INVESTMENT PROGRAM IN 2007

Branch name	Investments (thousand rubles)		% of fulfillment
	Plan	Actual	
Serovskaya GRES	187 432	124 813	67%
Stavropolskaya GRES	267 233	285 840	107%
Pskovskaya GRES	242 728	246 652	102%
Troitskaya GRES	485 537	442 223	91%
Surgutskaya GRES-1	304 635	296 068	97%
Исполнительный аппарат	88 159	70 344	80%
TOTAL	1 575 724	1 465 939	93%

Table 16

SOURCES OF FINANCING OF THE INVESTMENT PROGRAM OF OJSC "OGK-2", IN %

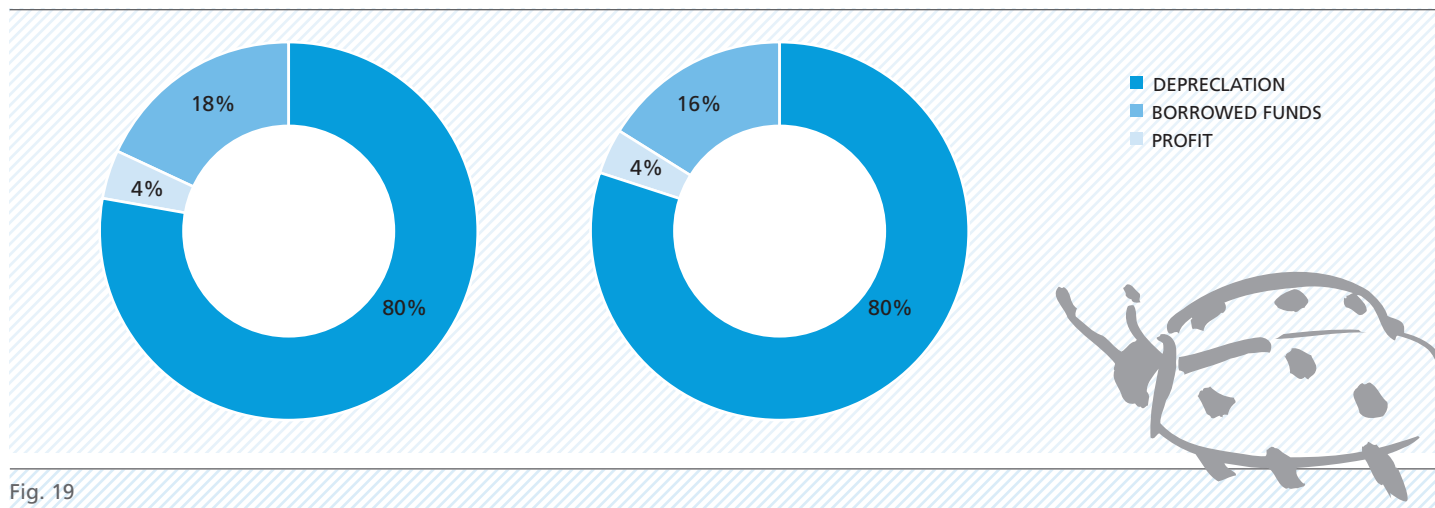


Fig. 19

THE FOLLOWING MOST IMPORTANT WORKS WITHIN THE FRAMEWORK OF THE PROGRAM FOR TECHNICAL RE-EQUIPMENT AND RECONSTRUCTION WERE CARRIED OUT IN 2007:

TROITSKAYA GRES

- System of vibration monitoring of turbines Nos. 4, 5, 9 on the basis of the vibration equipment
- Energy block No. 8. Reconstruction of PVD 7, 8, 9
- Replacement of car dumper No. 2
- Design, creation and delivery for industrial operation of the Technological Information Exchange System (TIES) with arrangement of the telemechanic system GZU in the lake Shubarkul.
- Modernization of power supply devices of SDTU (Modernization of the hardware-software complex of "TIES from CO-CDU" with arrangement of uninterruptible power supply)

SURGUTSKAYA GRES-1

- Reconstruction of the external enclosure of the plant
- Acquisition and installation of the transformer TDC 250000/500
- Implementation of quantitative-qualitative regulation of heat release for the city
- Reconstruction of gas supply on blocks Nos. 6 and 12
- Modernization of the telemechanic and communication system
- Organization of the unified telephone network.

PSKOVSKAYA GRES

- Automated Process Control System of energy block No. 2
- Feeding pump No. 3(FEP) of energy block No. 1
- Modernization of the system for exchange of technological information with the automated system of SO-CDU (AIK-E)
- Modernization of the automated telephone station ABC "Meridian". This work is executed within the framework of integration of UATS of OJSC "OGK-2" and branches into the unified telephone network.

System of safeguard video surveillance in the perimeter

STAVROPOLSKAYA GRES

- Implementation of the system for collection and transmission of information for ASKUE and ASDTU
- Reconstruction of HVO
- Reconstruction of ___ turbine, information sub-systems, technological protection devices, alarm system, automatic regulators of the boiler and turbine aggregate of energy block No. 3 in full composition of the PTC.
- Design, creation and delivery for industrial operation of the Information Collection and Transmission System (ICTS)
- Reconstruction of dispatching and technological communications.
- Modernization of the Local Area Network.
- Implementation of an integrated security system.
- Integration of UATS of OGK-2 and branches into the unified telephone network.
- Reconstruction of the cross and institutional production automatic telephone plant "Alcatel".

SEROVSKAYA GRES

- Reconstruction of the roofing of the main building
- Reconstruction of glass of the main building
- Increase of capacity of ash collector No. 3
- Design, creation and delivery for industrial operation of the Technological Information Exchange System (TIES)
- Replacement of UATS KIPiA __40US for ensuring the capital construction facilities with telephone communications

EXECUTIVE APPARATUS

- Construction and modernization of SKS
- Development of the corporate data transmission network (CDTN)
- Integration of UATS of branches into the unified telephone network
- Construction of a corporate information security system
- Organization and modernization of the telephone unit

THE TOTAL SCOPE INVESTMENTS FOR NEW CONSTRUCTION IN 2007 INCLUDES TWO GROUPS OF COSTS:

- For construction of new energy blocks,
- Other facilities of the energy system.

BASIC WORKS FOR CONSTRUCTION OF OTHER ENERGY FACILITIES:

TROITSKAYA GRES

- Construction of the production and household complex of

the Plant.

- Construction of pump station of the sewage system No. 1.
- P video surveillance.
- Justification of investments into construction of the ash collector in the territory of the Chelyabinsk Region;

SEROVSKAYA GRES

- Engineering and geological research for construction of treatment facilities;
- Complex of works for agreement upon the project for construction of ash collector No. 4;

PSKOVSKAYA GRES

- Development of the preliminary Feasibility Study for transforming the equipment of the Plant for coal usage;

The preliminary Feasibility Study has been fully developed but calculation of economic efficiency demonstrated that transforming of the Plant for coal usage is inadvisable at present.

INVESTMENTS AIMED AT CONSTRUCTION OF NEW ENERGY BLOCKS

The investment program of OJSC "OGK-2" for construction of new generation facilities include 6 projects for construction of new blocks at the Troiskaya GRES, Stavropolskaya GRES and Serovskaya GRES.



Branches of OJSC "OGK-2"	Power, MW	Year of commencement	Year of introduction	Estimate cost (exclusive of VAT), mln. rubles
Block #10 Troitskaya GRES	660	2007	2011	37 622
Block #11 Troitskaya GRES	660	2007	2012	20 522
Block #9 Stavropolskaya GRES	400	2007	2010	17 644
Block #10 Stavropolskaya GRES	400	2008	2011	10 088
Block #9 Serovskaya GRES	330	2007	2011	19 246
Block #10 Serovskaya GRES	330	2007	2012	17 280

Table 17

VOLUMES OF EXPENDITURE OF MONETARY FUNDS IN 2007 BY NEW GENERATION PROJECTS

Branch Name		New construction	
Groups of activities	Plan	Actual	% of fulfillment
Troitskaya GRES			
Construction of two new energy blocks PSU-660MW	103 745	106 605	103%
Stavropolskaya GRES			
Construction of two new energy blocks PGU-400MW	88 620	82 131	93%
Serovskaya GRES			
Construction of two new energy blocks PSU-330MW	96 710	47 736	49%
TOTAL:	289075	236472	82%

Table 18

In 2007 the following design and research works were carried out at construction of new generating facilities:

TROITSKAYA GRES

BASIC WORKS,

- Set of activities for preparation of the construction site for the new Main Building.

DESIGN AND RESEARCH WORKS,

- Development of the Concept, Preliminary Feasibility Study and Terms of Reference structured by services and deliveries for selection of the General Contractor;
- Expertise of the Preliminary Feasibility Study and Tender documentation for construction;
- Execution of works associated with engineering research in the construction industrial site
- Development of the scheme of release of electrical power
- Services of the Technical Agent for support of the process of implementation of the investment project
- Expertise of tender bids submitted by bidders for the right to conclude a Contract for fulfillment of the functions of the General Contractor (___ contractor)
- Conclusion of the Contract for fulfillment of the functions of

the General Contractor (___ contractor)

STAVROPOLSKAYA GRES

BASIC WORKS

- Set of activities for preparation of the construction site for the new Main Building.
- Repurchase of land plots and real estate facilities located thereon from LLC "ROSS", "SESR". Registration of lease of land plots from the Izobilnensk Municipal District Administration, the area of the water basin of the water reservoir.

DESIGN AND RESEARCH WORKS

- Development of the Concept, Preliminary Feasibility Study and Terms of Reference structured by services and deliveries for selection of the General Contractor;
- Expertise of the Preliminary Feasibility Study and Tender documentation for construction;
- Construction of temporary auxiliary and public buildings and structures for servicing of construction employees.
- Agency services on the Kyoto Protocol.
- Services of the Technical Agent for support of the process of implementation of the investment project
- Preparation of a business plan of the Investment Project

for construction at the stage of formation of the investment proposal

- Expertise of tender bids submitted by bidders for the right to conclude a Contract for fulfillment of the functions of the General Contractor (___ contractor)
- Conclusion of the Contract for fulfillment of the functions of the General Contractor (___ contractor)

Planned volumes of investments into new construction in the site of the Branch of OJSC "OGK-2" (Stavropolskaya GRES (Stavropolskaya GRES) are expended by 93%. The main volume of under expenditure of planned monetary funds is associated with non-fulfillment of the activities "Construction of temporary auxiliary and public buildings and structures for servicing of construction employees" and "Execution of engineering and research works and micro seismic zoning in the construction site". The decision was taken on inclusion of such works into the total set of "turn key" works.

SEROVSKAYA GRES

BASIC WORKS,

- Set of activities for the preparation of the construction site for the new Main Building.
- Replacement of UATS instrumentation _40US to the digital plant;

DESIGN AND RESEARCH WORKS

- Development of the Concept, Preliminary Feasibility Study

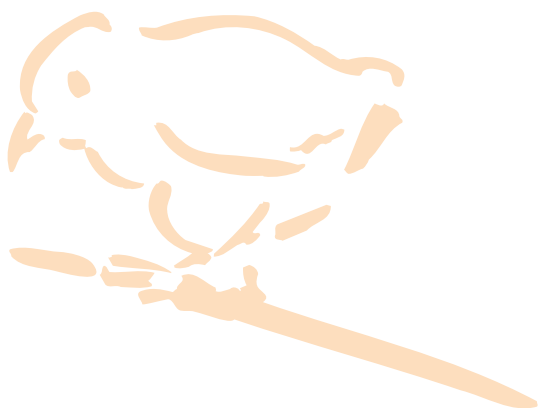
and Terms of Reference structured by services and deliveries for selection of the General Contractor;

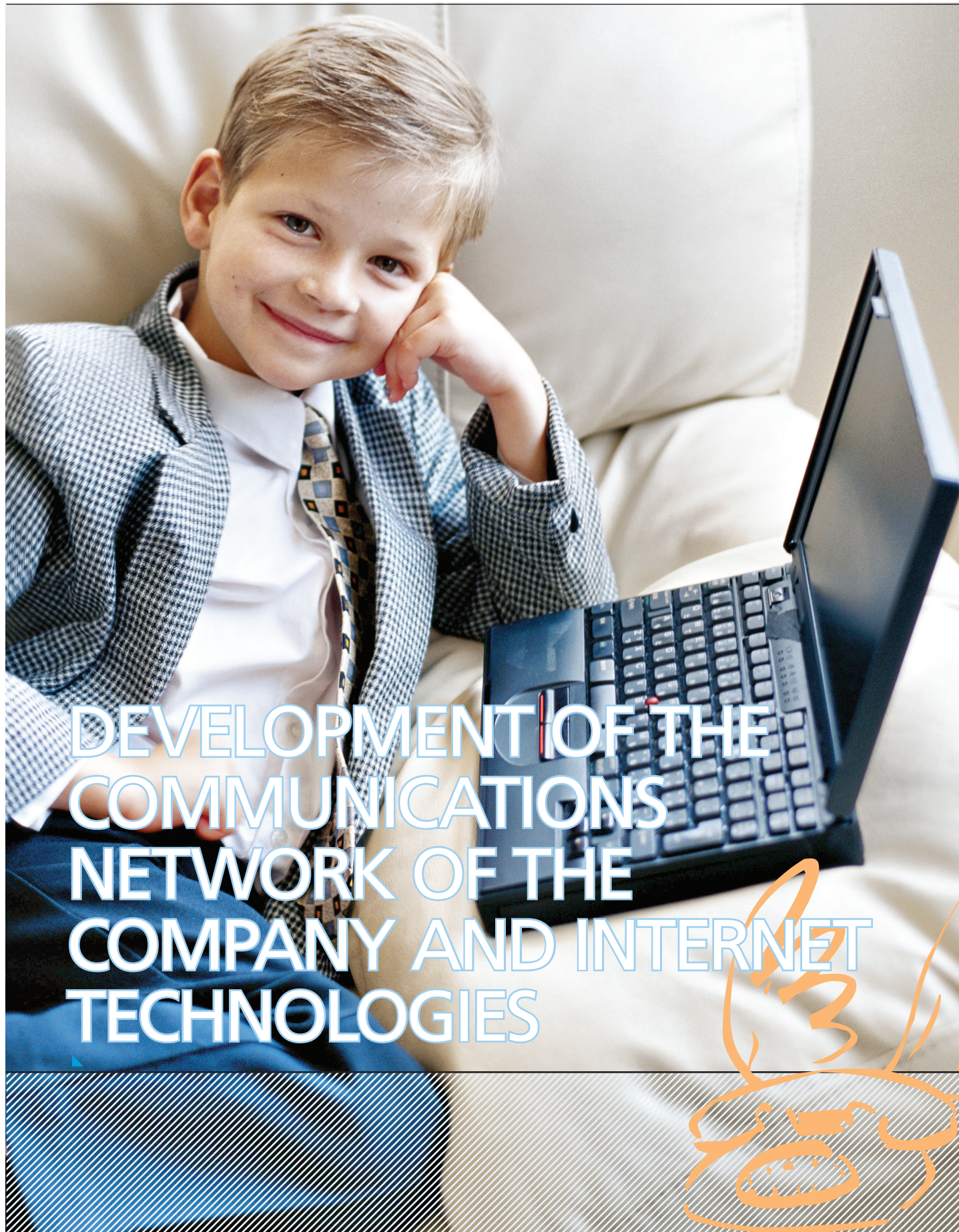
- Expertise of the Preliminary Feasibility Study and Tender documentation for construction;
- Development of the topographical plan and execution of works associated with engineering research in the construction industrial site
- Development of the scheme of release of electrical power
- Preparation of the business plan of the Investment project for construction at the stage of formation of the investment proposal

Planned volumes of investments into new construction in the site of the Branch of OJSC "OGK-2" (Serovskaya GRES (Serovskaya GRES) 43% have been expended. The main volume of under expenditure of planned monetary funds is associated with non-fulfillment of the activities "Development of Feasibility Study of (the project of) construction of new energy blocks". The decision was taken to include the activities in the total complex of "turn key" works.

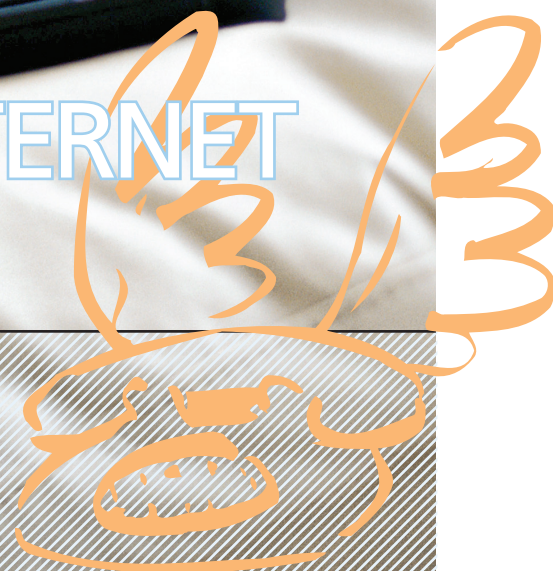
In 2007 there were no non-core financial investments.

In 2007 no credits were used for financing of the investment program of the Company. Next year the company intends to enter the debt capital markets for the purpose of attracting funds for financing of its investment projects. Among all available financial instruments the preference will be given to the most optimum relations of urgency and price of resources.





DEVELOPMENT OF THE COMMUNICATIONS NETWORK OF THE COMPANY AND INTERNET TECHNOLOGIES





During 2007 IT and SDTU units of the Company executed a large amount of tasks and projects associated with the development of communications networks of the Company and application of Internet technologies:

IMPLEMENTATION OF THE INFORMATION MANAGEMENT SYSTEM ON THE BASIS OF SOFTWARE SAP ERP (IMS)

For successful operation of the company it is necessary to always have the latest, accurate and complete information analysis which enables us to efficiently respond to changes in the market. Implementation of the SAP ERP solution will allow for the obtainment of such information in real time. The created information management system will permit the exercise of efficient control over all directions of activities of the enterprise and for formation of a reliable base for making optimum decisions at all management levels both at present and in a long-term perspective. Application of the ERP system represents a factor of optimization of business processes and increases operational profits and as a result also the capitalization of the company. During 2007 the following works were carried out:

- Completion of works for creation of the Strategy for copying of the SAP R/3 solution realized by the Surgutskaya GRES for other plants of the company and EA OGK-2;
- Execution of training seminars for the design team of OJSC "OGK-2".
- Execution of training of key members of the design team of OJSC "OGK-2" at the courses of SAP A.G.
- Development of the conceptual project for the executive apparatus of OJSC "OGK-2".
- Development of the conceptual project for branches of OJSC "OGK-2".
- Deployment of a textual landscape of the IMS system on servers of the executive apparatus of OJSC "OGK-2";
- Development of a number of design solutions for detailing of the conceptual project;

- Execution of set-up of the IMS system.
- Execution of training of key users to work in IMS.
- Commencement of preparation of the system for experimental and industrial operation,

In the first half of 2008 plans are to start-up the information management system into experimental industrial operation.

CREATION OF THE CORPORATE INFORMATION ANALYTICAL SYSTEM (IAS) ON THE BASIS OF THE SAP BW (BUSINESS WAREHOUSE) PLATFORM

Implementation of instruments of the information analytical system on the basis of SAP Business Warehouse (SAP BW) will permit to resolve the task of operative construction and analysis of accounting statements required for business for the purpose of timely and quality decision-taking.

In 2007 development of the conceptual project for creation of the system, was fully completed and works have been commenced for its set-up. Set-ups have been realized with regards to formation of Income and Expenses Budget, Cash Flow Budget and Inventories Budget.

In the first half of 2008 plans are to complete works associated with set-up of the system and to exercise its integration with the information management system. Also in the first half of 2008 plans are to carry out testing and exercise for launching the system into experimental industrial operation. And by the end of 2008 plans are to launch the system into experimental industrial operation.

AUTOMATION OF DOCUMENT FLOW AND IMPLEMENTATION OF THE CORPORATE ELECTRONIC DOCUMENT FLOW SYSTEM ON THE BASIS OF THE "EMC DOCUMENTUM" PLATFORM

In 2007 OJSC "OGK-2" was one of the first to carry out implementation of the electronic document flow system (EDFS). EDFs provides for the possibility to significantly speed-up business processes on account of reduction of time for coordination and passage of documents, possibility for fast

search for documents, ensures a unified structure for documents storage. The company ___, developer of software, on the basis of which EDFS is made, congratulated OJSC "OGK-2" Company with a commemorative plaque "For construction of the first full-scale EDFS on the basis of the ___ Documentum platform of the Russian generating company".

CREATION OF THE CORPORATE INTERNET PORTAL

In 2007 OJSC "OGK-2" created the first in the Russian energy industry corporate information portal on the basis of SAP NetWeaver Portal. The portal was realized within the framework of implementation of the IT Strategy of OJSC "OGK-2". The portal improves efficiency of interaction of users at exchange of non-structured information and provides an intuitively understandable interface of access to corporate systems, software products, data storages. Its active development in 2008 will permit the realization of qualitatively new possibilities for provision of employees of the company with IT services.

PROJECT FOR DEVELOPMENT OF THE SYSTEM FOR MANAGEMENT OF IT SERVICES OGK-2

Within the framework of implementation of the project for development of the system of management of IT services OGK-2 carried out the following works during 2007:

■ INVENTORY TAKING OF IT SERVICES OF THE COMPANY (INCLUDING BRANCHES)

Formation of the catalogue of IT services including both globally provided services and services provided at individual branches or in the Executive Apparatus of the Company;

Determination of persons responsible for provision of services within the framework of the Company and its branches;

■ DOCUMENTATION OF ACTUAL COMPOSITION OF IT SERVICES

Preparation of a set of forms for execution of documentation of IT services,

Execution of primary collection of specifications of provided IT services,

■ DEVELOPMENT AND IMPLEMENTATION OF THE METHODOLOGY FOR MANAGEMENT OF IT SERVICES ON THE BASIS OF ITSM PROCESSES

Preparation of the technical assignment for implementation of the processes "Configuration management", "Modification management" and modernization of the processes "Incident management" and "Problem management".

STANDARDIZATION AND RESTRUCTURING OF IT

The OJSC "OGK-2" Company is one of the leaders among companies of the energy sector implementing the project for standardization and restructuring of information technologies commenced by the initiative of the executive committee of RAO UES (resolutions of the executive committee No. 1289/pr of 07.09.2005, No. 1351pr/2 of 28.11.2005). Within the framework of this project the following works were carried out in 2007:

■ The automated system for management information technology on the basis of Software HP OpenView ServiceDesk was introduced into industrial operation with regards to automation of the incident management process.

■ The technical policy of OJSC "OGK-2" in the area of information technologies was approved by the Board of Directors.

MODERNIZATION OF TELEMechanic SYSTEMS OF BRANCHES OF OJSC "OGK-2" AND ADJUSTMENT THEREOF IN ACCORDANCE WITH REQUIREMENTS TO PARTICIPANTS OF THE BALANCING MARKET (BM)

OJSC "OGK-2" was one of the first among OGKs who have carried out modernization of telemechanic complexes. At present complexes at all branches of OJSC "OGK-2" have successfully passed through experimental operation and were introduced into industrial operation within the scope of requirements of the third stage of BM. High quality of works, level of organization of works under the project and high speed of executed works were marked by the Management of Business Unit No. 2 and SO²CDU. For the complex of branches of OJSC "OGK-2" Stavropolskaya, Surgutskaya GRES¹, Pskovskaya GRES, Serovskaya GRES, Troitskaya GRES the Certificate of compliance from the System Operator was obtained.

CREATION OF THE CORPORATE SYSTEM FOR THE PROVISION AND MANAGEMENT OF INFORMATIONAL SECURITY (ISMS)

For the purpose of ensuring the protection of informational resources of OJSC "OGK-2" as well as informational system and complexes of the company against external and internal threats and vulnerabilities as well as reduction of risks of leakage, misrepresentation, destruction of business information, destruction of corporate informational complexes and systems, stoppage of network operation as a whole, the project has been commenced for creation of a corporate system for provision and management of informational security. The united information security system will permit the reorganization of existing systems, unite them within the framework of the unified platform and ensure a unified level of information security provision centralized and meeting the unified corporate security policy which will improve the extent of protection of business information and business as a whole. At present two of twelve sub-systems have been implemented, development of regulatory documentation is carried out as well as engineering, modeling and adjustment of the other subsystems of the ISMS.

ORGANIZATION OF THE SYSTEM FOR VIDEO SURVEILLANCE OVER CONSTRUCTION FACILITIES ON NEW ENERGY BLOCKS AT BRANCHES OF OJSC "OGK-2" STAVROPOLSKAYA GRES, TROITSKAYA GRES

The Information Technology Directorate of OJSC "OGK-2" within the shortest period of time executed works for deployment of the system of video surveillance over construction facilities at branches of OJSC "OGK-2" Stavropolskaya GRES and Troitskaya GRES. The systems permit in real time to supervise progress of works associated with construction of new generating facilities as well as to manage video surveillance cameras on the basis of priorities of connected subscribers.

TELEPHONE COMMUNICATIONS

For the purpose of provision of employees of the company with

high-quality telephone communications, reduction of costs associated with long-distance calls as well as expansion of the range of services, the modernization of the office automated telephone station of the executive apparatus of OGK-2 was carried out, modernization of telephone units of Stavropolskaya, Troitskaya, Surgutskaya, Pskovskaya GRESs was carried out as well as combination thereof with the communication unit of the Executive Apparatus of OGK-2 into the unified telephone network of OGK-2. As a result on the basis of VoIP technologies the unified telephone communications network of the company with a unified numeration plan was built with the possibility of calls using a short internal number as well as the possibility for execution of internal selective meetings. Implementation of this project allowed for the reduction of expenses for long-distance communications and to improve the quality of the same. Comprehensive modernization of the telephone communication system of the Surgutskaya GRES-1 was carried out, works have been commenced for modernization of the telephone communication unit of the Serovskaya GRES and connection thereof in the first quarter of 2008 to the unified telephone network of OGK-2.

PROJECT FOR CREATION OF THE CORPORATE DATA TRANSMISSION NETWORK (CDTN)

The second stage of creation of the corporate data transmission network (CDTN) was implemented:

- A doubling transport data transmission network was built using above ground communication lines.

- Re-adjustment of communication units CDTN of branches and the executive apparatus was carried out. Mechanisms of automated maintenance of quality of communications and cross reservation of communication channels were implemented.

- VoIP technologies were implemented, integration of telephone networks of four of five branches and the executive apparatus into the unified telephone network of the company with the unified numeration plan was carried out. In 2008 plans are to complete the works for replacement of the old automated telephone station at the Serovskaya GRES and complete the combination of telephone networks of OJSC "OGK-2".

CREATION OF THE AUTOMATED WORKING PLACE OF THE COMMERCIAL DISPATCHER

For the purpose of information provision of the commercial dispatch center (CDC) integration was completed of the hardware-software complexes of telemechanics of the systems for collection and transmission of information to the System operator of the Automatic system for commercial accounting of power consumption of all branches of OJSC "OGK-2" into the unified complex on the basis of PTC "CC — 2003". As a result the CDC has the possibility to get information about all technological and commercial indicators of branches of OJSC "OGK-2" in real time.



BASIC INDICATORS OF FINANCIAL STATEMENTS

ANALYSIS OF DYNAMICS OF RESULTS OF ACTIVITIES AND FINANCIAL STANDING OF THE COMPANY

Execution of the full fledged analysis of dynamics of results of activities and financial standing of OJSC "OGK-2" over the period 2005-2007 is not possible taking into consideration that the Company was incorporated and has been carrying out its activities since the 9th of March 2005. In addition, in 2005 and during 9 months of 2006 OJSC "OGK-2" carried out only activities for management of plants and as a result of reorganization of OJSC "OGK-2" on the 29th of September the managed companies were acquired as branches (Pskovskaya GRES, Troitskaya GRES, Stavropolskaya GRES, Surgutskaya GRES-1, Serovskaya GRES) exercising production of electrical energy and heat energy.



DYNAMICS AND STRUCTURE OF ASSETS OF THE COMPANY OVER 2005-2007

Name of the indicator	code of the line	31.12.2005		31.12.2006		31.12.2007	
		value, million rubles	%	value, million rubles	%	value, million rubles	%
Non-current assets	190	12 741,8	96,6	10 307,1	60,4	14 516,9	33,4
Fixed assets	120	10,0	0,1	8 959,7	52,5	9 354,4	21,5
Completed construction	130	0,0	0,0	1 047,7	6,1	1 555,2	3,6
Long-term financial investments	140	12 731,6	96,6	26,5	0,2	2 129,9	4,9
Deferred tax assets	148	0,1	0,0	159,9	0,9	84,2	0,2
Other non-current assets	150	—	—	102,0	0,6	1 386,1	3,2
Current assets	290	444,7	3,4	6 768,4	39,6	28 958,4	66,6
Inventories	210	0,6	0,0	2 259,5	13,2	2 223,8	5,1
Receivables	230, 240	439,9	3,3	2 716,8	15,9	5 006,8	11,5
Short-term financial investments	250	—	—	541,5	3,2	20 102,8	46,2
Cash	260	3,9	0,0	1 172,3	6,9	1 576,8	3,6
TOTAL		13 186,5	100,0	17 075,5	100,0	43 475,3	100,0

Table 19

Assets of the Company as of 31.12.2007 amount to 43,475.3 million rubles and have the following structure.

As of 31.12.2007 in the composition of assets the current assets predominate (66.66%), among them 46.2% are presented by short-term financing investments. Non-current assets amount to 33.4% including fixed assets — 21.5%.

A considerable change of the structure of assets as of 31.12.2007 in comparison with 2006 and 2005 is associated with reorganization of OJSC "OGK-2" as well as execution of issue of additional shares (IPO).

Net assets of the Company as of 31.12.2007 amount to 34,503.7 mln. rubles

STRUCTURE OF ASSETS OF THE COMPANY

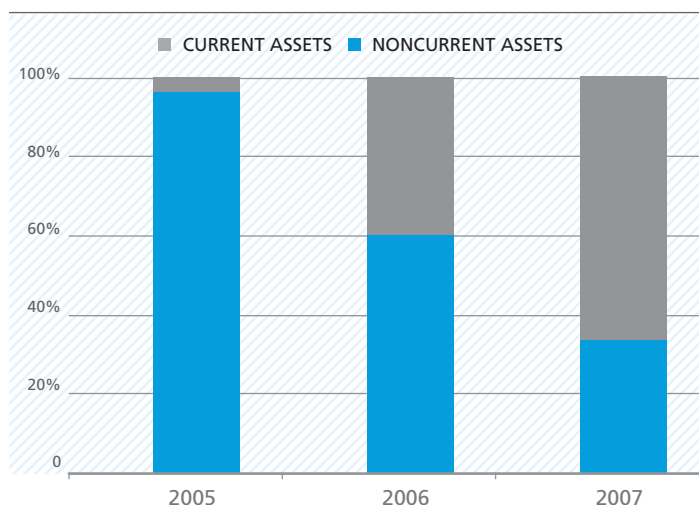


Fig. 21

DYNAMICS AND STRUCTURE OF NET ASSETS OF THE COMPANY IN 2006-2007

Name of the indicator	Code of the line in the balance sheet	31.12.2005 million rubles	31.12.2006 million rubles	31.12.2007 million rubles
ASSETS				
Non-current assets	190	12 741,8	10 307,1	14 516,9
Fixed assets	120	10,0	8 959,7	9 354,4
Construction in progress	130	0,0	1 047,7	1 555,2
Longterm financial investments	140	12 731,6	26,5	2 129,9
Deferred tax assets	148	0,1	159,9	84,2
Other non-current assets	150	—	102,0	1 386,1
Current assets	290	444,7	6 768,4	28 958,4
Inventories	210	0,6	2 259,5	2 223,8
Receivables	230, 240	439,9	2 716,8	5 006,8
Short-term financial investments	250	—	541,5	20 102,8
Cash	260	3,9	1 172,3	1 576,8
Receivables associated with contributions into the authorized capital stock	244	—	—	—
Total (line 190+290-244)		13 186,5	17 075,5	43 475,3
LIABILITIES				
Target financing and receipts	450	—	—	—
Long-term liabilities	590	—	2 783,0	5 308,0
Loans and credits	510	—	2 661,0	5 188,8
Deferred tax liabilities	515	—	122,0	119,2
Short-term liabilities	690	111,8	4 713,2	3 689,3
Loans and credits	610	10,0	2 921,7	1 600,0
Payables	620	34,3	1 689,6	2 063,5
Payables to members for payment of incomes	630	67,5	76,1	0,2
Deferred incomes	640	—	25,8	25,6
Total (line 450+590+690-640)		111,8	7 470,4	8 971,7
Net asset value		13 074,8	9 605,1	34 503,7
In % to aggregate assets		99,2	56,3	79,4

Table 20

Negative dynamics associated with the value of net assets in 2005-2006 is connected with obtainment of losses as a result of reorganization of OJSC "OGK-2".

Positive dynamics in 2006-2007 is associated with execution of issue of additional shares (IPO) and placement of funds received as a result of IPO on deposit accounts at banks.

As it was mentioned above it is impossible to carry out a full fledged and impartial analysis of dynamics of financial results of activities of the Company over 2005-2007 due to non-comparability of accounting data.

BASIC FINANCIAL RESULTS OF ACTIVITIES OF THE COMPANY IN 2005-2007

Indicators	2005	2006	2007
Sales revenues	544	8 259	33 759
Electrical energy and heat energy		7 706	33 677
Production cost	131	7 407	32 640
Electrical energy and heat energy		7 036	32 554
Sales profit	413	852	1 119
Interest receivable		2	303
Interest payable		94	437
Other incomes	1 982	43	7 171
Other expenses	7	395	7 730
Profit before tax	2 388	408	426
Net profit	2 372	147	39

Table 21

In accounting statements over 2005 the following is included in incomes:

- services for execution of the powers of the sole executive body of OJSC "Troitskaya GRES", OJSC "Stavropolskaya GRES", OJSC "Surgutskaya GRES-1", OJSC "Pskovskaya GRES", OJSC "Serovskaya GRES"

- dividends of subsidiaries over 2005;

In accounting statements over 2006 the following is included in incomes:

- services for execution of the powers of the sole executive body until reorganization of the Company over the period from 01.01.2006 to 28.09.2006;

- dividends of Subsidiaries until the moment of reorganization of OJSC "OGK-2" over the period from 01.01.2006 to 28.09.2006;

- revenues from sale of electrical energy and heat energy as well as other products since the moment of completion of reorganization of the Company (29.09.2006).

Consequently expenses reflect expenses associated with execution of the above mentioned activities.

In 2007 OJSC "OGK-2" exercised activities for production of electrical energy and heat energy as well as other products. At that, provision of services for accomplishment of the powers

of the sole executive body and investment activities were not exercised due to completion of reorganization.

Actual net profit according to accounting date in 2007 amounted to 39.3 million rubles, plan — 590.7 million rubles; actual ROE — 0,3% at the approved indicator of 6.16%.

At that, it should be noted that at establishment of the indicator of net profit for OJSC "OGK-2" expenses associated with execution of IPO were not taken into account.

According to the executed assessment the volume of incomes and expenses actually reflected in data of accounting statements following the results of 2007 associated with IPO taking into account tax adjustment amounts to 618,4 million rubles.

Thus, management of the Company supposes that established indicators were fulfilled by OJSC "OGK-2":

- net profit secured by fee cash flow without taking into account expenses for execution of IPO following the results of 2007 amounts to 647,5 million rubles;

- ROE — 6,76%;

- the limit of permanent expenses per 1 MW of discounted installed capacity 544,0 thousand rubles/MW at the level approved by the Executive Committee of OJSC RAO "UES of Russia" — 638 thousand rubles /MW.

RELATIVE INDICATORS IN 2007

Nº	Indicators	2007
1	Sales profitability ((line 050 form 2 / line 010 form 2) * 100%)	3,32
2	Total profitability of the accounting period ((line 140 form 2 / line 010 form 2) * 100%)	1,26
3	Profitability of equity ((line 160 FORM 2 / line 490 form 1 as of the beginning of the year) * 100% (inclusive of security)	0,3
4	Profitability of assets ((line 160 FORM 2 / line 300 form 1) * 100%)	0,09
5	Profitability of core activities (production of electrical energy and heat energy) ((line 013 FORM 2 + line 011 FORM 2 — line 023 FORM 2 — line 021 FORM 2)/(line 013 FORM 2 + line 011 FORM 2)*100%)	3,33

Table 22

Analysis of relative indicators is not presented for the above mentioned reasons.

ASSESSMENT ON THE BASIS OF ACCOUNTING DATA OF FINANCIAL STANDING OF THE COMPANY

ASSESSMENT OF SOLVENCY AND LIQUIDITY

BASIC FINANCIAL COEFFICIENTS

USED FOR ASSESSMENT OF LIQUIDITY AND SOLVENCY OF THE ENTERPRISE

Nº	Indicator	Normal limit	Value as of the end of the accounting period (2006)	Value as of the end of the accounting period (2007)	Explanation
1	General solvency indicator (L1)	$L1 \geq 1$	0,9	7,85 2,38*	Is used for complex assessment of solvency of an enterprise.
2	Absolute liquidity coefficient (L2) ⁵	$L2 \geq 0,2 - 0,7$	0,37	5,92 0,41*	Shows what part of short-term indebtedness the organization may discharge in the nearest time on account of monetary funds and short-term financial investments.
3	Coefficient of "critical assessment" (term, intermediate liquidity) (L3)	permissible $L3 \approx 0,5 - 0,7$ desirable $L3 = 1$	0,86	6,61 1,1*	Shows what part of short-term liabilities may be immediately discharged on account of funds on accounts, funds in short-term, securities, receipted under settlements.
4	Current liquidity coefficient (L4)	Necessary value 1.5; optimum $L4 \geq 2$	1,35	7,89 2,38*	Shows what part of short-term liabilities may be discharged by means of mobilization of all current assets.
5	Coefficient of maneuverability of the operating capital (L5)	$L5 \geq 0$	0,08	0,58	Shows what part of the operating capital is static in production stocks and long-term receivables.
6	Share of current assets in assets (L6)	$L6 \geq 0,5$	0,12	0,67	Depends on industrial appurtenance of the organization.

Table 23

* These indicators have been calculated without taking into account within long-term and short-term financial investments monetary funds received from additional issue of shares in the Company.

CONCLUSIONS:

In accordance with positive dynamics of the general indicator of solvency as well as its value as of the accounting date higher than the recommended one, the enterprise shall be deemed solvent with certain assumptions however. In case of analysis of solvency of the Company through liquidity of the balance sheet it is possible to reflect the following conclusions: the value of the absolute liquidity coefficient is higher than the recommended range (5,92) — all short-term indebtedness of the Company may be repaid almost six times in the nearest time on account of highly liquid assets (monetary funds and short-term financial investments). This is also confirmed by availability of less liquid assets (stocks and short-term and long-term receivables and other current assets of the Company) — coefficients of term and current liquidity are high, they amount to 6.61 and 7.89 respectively and are characterized by positive dynamics in comparison with 2006.

However, it should be noted that most of current assets (short-term financial investments) are received as a result of additional issue of shares in the 4th quarter of 2008 (as of 31.12.2008 — 20,176.6 million rubles) and may be only invested in implementation of the investment program. At calculation of coefficients under consideration with exclusion from composition of highly liquid assets of funds received from additional issue of shares it is evident that the value of the absolute liquidity coefficient increased by 10.8% since 2006 and is within the limits of the recommended range (0.41) — about 41% of short-term indebtedness may be repaid by the organization in the nearest time on account of highly liquid assets (monetary funds and short-term financial investments exclusive of funds from additional issue of shares). At that, it should be noted that a part of term liabilities remaining uncovered is balanced by less liquid assets (receivables, inventories) — coefficients of term and current liquidity amount to 1.1 and 2.38 respectively. At that, it should be mentioned that in this relation of the coefficient of term liquidity the share of monetary funds amounts to about 37% of all the assets under consideration (receivables). In this connection this coefficient is satisfactory.

The value of the coefficient of current liquidity (2.38) provides OJSC "OGK-2" with an adequate reserve for compensation of losses which may incur to the enterprise in case of liquidation of all current assets. Values of these three liquidity coefficients condition a high value of the total solvency coefficient — it is equal to 2.37.

Solvency of OJSC "OGK-2" is assessed as good: the enterprise may settle its liabilities in time by 100%.

The Coefficient of maneuverability of the operating capital is 0.58, has positive dynamic and demonstrates that the enterprise is able to replenish current assets in case of necessity on account of own sources. The value of the calculated indicator is outside the limits of the top recommended value which confirms larger possibility of the enterprise for maneuver without attraction of production inventories and collection of receivables.

ASSESSMENT OF FINANCIAL STABILITY

INDICATORS OF TYPES OF FINANCIAL STABILITY

Nº	Indicators	31.12.2006 mln. rubles	31.12.2007 mln. rubles
1	Total amount of inventories ($3n$ = line 210)	2 259,5	2 223,8
2	Availability of own current assets (COC = line 490 – line 190)	727,8	19 961,2
3	Operating capital (availability of own and long-term borrowed sources of financing of inventories) $K\Phi$ = (line 490 + line 590) – line 190	2 055,2	25 269,1
4	Total amount of the main sources of formation of inventories $B\Phi$ = (line 490 + line 590 + line 610) – line 190	4 976,9	26 869,1
5	Surplus (+) or shortage (—) of own current assets $\pm\Phi^c = COC - 3n$	2 986,8	17 737,4
6	Surplus (+) or shortage (—) of own and long-term borrowed sources of financing of inventories $\pm\Phi^r = K\Phi - 3n$	7203,8	23 045,35
7	Surplus (+) or shortage (—) of the total amount of the main sources of formation of inventories $\pm\Phi^o = B\Phi - 3n$	2 717,4	24 645,35
8	Three-component indicator of type of financial situation $S(\Phi)$	$S(0, 0, 1)$	$S(1, 1, 1)$

Table 24

CONCLUSION:

it is necessary to mark that over the analyzed period the enterprise improved its financial stability. Such a conclusion is made on the basis of the following findings:

- availability of own current assets increased over the accounting year by 20,689 million rubles;
- surplus of own current assets over the analyzed period increased by 20,724.2 million rubles;
- surplus of own and long-term borrowed funds for coverage of inventories increased by 23,249.15 million rubles.

Taking into account that there is a surplus of own current sources for formation of inventories the surplus of the total value of own and long-term borrowed sources of financing of inventories, the three-component indicator of type of financial situation $S(\Phi) = \{1;1;1\}$, this means that OJSC "OGK-2" is characterized by stable financial condition. Such condition of the enterprise is conditioned by attraction of monetary funds from additional issue of shares of OJSC "OGK-2" in the 4th quarter of 2007 directed at fulfillment of the investment program as well as increase in material and production inventories.

⁵ liquidity coefficients (L2, L3, L4) are calculated within taking into account of the short-term part in long-term credits. However, the Regulations on accounting policy of OJSC "OGK-2" for 2006 stipulates that the Company shall account for borrowed funds at its disposal the term of repayment of which under the loan contract exceeds 12 months within long-term indebtedness. Transfer of long-term indebtedness into short-term one is not affected even if under the conditions of the contract less than 365 days remain until repayment of the principal amount of debt.

RELATIVE INDICATORS OF FINANCIAL STABILITY

Relative indicators of financial stability characterize the extent of dependence of the Company on external investors and lenders.

RELATIVE INDICATORS OF FINANCIAL STABILITY

Nº	Indicator	Normal limit	Value as of the end of the accounting period (2006)	Value as of the end of the accounting period (2007)	Explanation
1	Coefficient of provision with own funds (Kocc)	Shall be > 0,1 Optimum value: Kocc ≥ 0,5	0,12	0,69	Shows what part of current assets is financed on account of own sources.
2	Coefficient of financial independence (KΦH)	KΦH ≥ 0,5	0,56	0,79	Shows the share of own funds in financing of assets.
3	Coefficient of financial stability (KΦY)	KΦY ≥ 0,7	0,72	0,92	Shows specific weight of those sources of financing which may be used by the enterprise in its activities for a long time.
4	Coefficient of financing (KΦ)	KΦ ≥ 1,5	1,72	5,086	Shows what part of activities of the enterprise is financing on account of own funds and what share — on account of borrowed funds.
5	Coefficient of relation of receivables and payables	KДКЗ ≥ 1	1,61	2,43	

Table 25

CONCLUSIONS:

The coefficient of provision with own funds is equal to 0.69. This means that current assets of the enterprise may be financed on account of own sources by 69%. The coefficient of financial independence (CFI) is 0.79 — rather high value — 79% of all assets are financed on account of own funds. The coefficient of financial stability (CFS) is also high and increased in comparison with 2006 by 20% — 73% of sources of financing may be used by the Company in its activities for a long time. The coefficient of financing (CF) is 5.08 which points out the possibility of the enterprise under unfavorable conditions fully cover borrowed funds by means of its own capital. The coefficient of relation of receivables and payables is equal to 2.43 — receivables exceed payables in 2.43 times.

ASSESSMENT OF BUSINESS ACTIVITIES

Indicators of business activities (indicators of turnover of assets and liabilities) determine the level of efficiency of use by the enterprise of its assets.

Turnover of all the assets of the enterprise shows speed of their turnover measured by number of turns in the accounting period. Increase in turnover in the accounting period in comparison with the previous period means acceleration of turnover of assets; reduction of turnover — slow-down of turnover of assets.

Growth of turnover of all the assets is evaluated as positive subject to profitable activities of the enterprise. If profitability of sales is negative (i.e. activities of the enterprise is loss-making) then increase in turnover of assets leased to acceleration of loss-making activities, i.e. accelerated production of losses.

⁶ The indicator is calculated without taking payables into account

INDICATORS OF BUSINESS ACTIVITIES (INDICATORS OF TURNOVER OF ASSETS AND LIABILITIES)

INDICATORS OF BUSINESS ACTIVITIES (INDICATORS OF TURNOVER OF ASSETS AND LIABILITIES)

Nº	Indicator	Value over 2006	Value in 2007	Explanation
1	Coefficient of turnover of current assets (KOA) ⁷	5,82	1,89 4,34*	Shows the number of full turns executed by the current capital over the analyzed period of time.
1a	Turnover of current assets (OOA)	62,71	193,1 84,1*	Characterizes the average term of turnover of current assets in days.
2	Coefficient of capital productivity (KΦ)	4,68	3,69	Shows efficiency of use of fixed assets of the organization.
3	Coefficient of turnover of inventories (KO3)	17,82	14,56	Turnover of funds in inventories — high, may be considered as a favorable fact
3a	Turnover of inventories (OO3)	20,48	25,07	Characterizes the term of turnover of inventories in days.
4	Coefficient of turnover of receivables (KДЗ)	13,3	8,74	KДЗ, equal to 8,74 evidences on normal turnover of receivables
4a	Turnover of receivables (ООД)	27,44	41,76	Turnover of receivables is 41,76 days.
5	Coefficient of turnover of payables (KK3)	24,35	17,99	The coefficient of turnover of payables 17,99 evidences on normal turnover of receivables.
5a	Turnover of payables		20,29	Shows the term of repayment of debts of the organization over current liabilities.
6	Coefficient of turnover of cash and short-term financial investments (KД)	24,45	2,89 20,99*	Turnover of highly liquid assets — high, may be considered a favorable fact
6a	Turnover of cash and short-term financial investments (ОД)	14,93	2,89 20,99*	Characterizes the term of turnover of monetary funds and short-term financial investments.

Table 25

* These indicators have been calculated without taking into account within long-term and short-term financial investments monetary funds received from additional issue of shares in the Company.

CONCLUSIONS:

it shall be noted that at general profitability of the Company coefficients of turnover under consideration are generally characterized by negative dynamics over the period under consideration. All current assets of the Company are characterized by insufficient turnover which depends on accumulation of funds in short-term financial investments from additional issue of shares and increase in long-term receivables in connection with acquisition of non-interest notes of OJSC "Nomos-bank". The coefficient of capital productivity (CF) is 3.69 — own funds of the enterprise are used efficiently notwithstanding reduction of the coefficient.

⁷ at calculation of the indicator over 2006 current assets included 109 million rubles — expenses associated with development of SAP/R3. At calculation of this indicator over 2007 these expenses were related to non-current assets. The effect at calculation of this indicator taking into account such changes in the balance sheet of the Company over 2007 is insignificant.

PARAMETERS OF THE FINANCIAL MODE OF "OGK-2"

PARAMETERS OF THE FINANCIAL MODE OF OJSC "OGK-2"

Nº	Parameter	2008	2009	2010	2011	2012
1.	Revenue, including:	34 452	43 088	54 372	65 163	82 501
	electrical energy	25 535	33 067	43 705	53 348	68 337
	power	8 108	9 077	9 564	10 525	12 698
	heat	739	873	1 034	1 220	1 397
	other	70	70	70	70	70
	increase		25%	26%	20%	27%
2.	EBITDA	1 564	2 999	6 855	9 009	15 036
	increase		92%	129%	31%	67%
	profitability	5%	7%	13%	14%	18%
3.	Net profit	530	613	3 402	4 254	4 496
4.	Operational profitability	2%	5%	10%	11%	12%
5.	Depreciation deductions	818	992	1 152	1 936	4 780
	increase		21%	16%	68%	147%
6.	Operational cash flow	1 304	1 652	4 272	6 223	11 299
7.	Capital expenses	34 456	19 255	40 709	34 399	27 402
8.	Net indebtedness	20 943	45 298	94 437	134 588	167 887
9.	Operational costs (fuel, labor force, water, repair etc.)	33 706	41 080	48 669	58 090	72 245

Table 25

ASSESSMENT OF EXISTING RISKS, RISK MANAGEMENT

It is possible to mention the following main risks of the Company and activities taken by the Company for mitigation of these risks:

INDUSTRIAL RISKS:

- reforming of OJSC RAO "UES of Russia";
- creation of a competitive market of electrical energy;
- liberalization of the power market.

ACTIONS OF THE COMPANY FOR MITIGATION OF OPERATIONAL RISKS:

- reconstruction of existing and construction of new generating facilities and power and heat transmission lines;
- technical re-equipment of fixed assets.

ACTIONS OF THE COMPANY FOR MITIGATION OF RISKS ASSOCIATED WITH CONSTRUCTION BY LARGE CONSUMERS OF ALTERNATIVE HEAT SUPPLY FACILITIES:

- improvement of operational efficiency by means of implementation of programs for reduction of production costs and savings;
- execution of works for conclusion of long-term contracts for heat supply;
- expansion of sales markets for the purpose of diversification of the sales structure;
- execution of the well considered financial policy.

ACTIONS OF THE COMPANY FOR MITIGATION OF RISKS ASSOCIATED WITH POSSIBLE CHANGE IN PRICES FOR RAW MATERIALS, SERVICES USED BY THE COMPANY IN ITS ACTIVITIES:

- improvement of operational efficiency of the Company

by means of implementation of programs for reduction of production costs and fuel saving;

- conclusion of long-term contracts with suppliers at stable preliminarily known prices taken into account at formation of tariffs;
- execution of the well considered financial policy.

ACTIONS OF THE COMPANY FOR MITIGATION OF RISKS ASSOCIATED WITH INCREASE IN PRICES FOR EQUIPMENT AND OTHER MATERIAL AND TECHNICAL RESOURCES:

- creation of a competitive environment in the area of purchases of works and services;
- optimization of costs for repair and operational needs and capital construction;
- elimination of cross sales.

ACTIONS OF THE COMPANY FOR MITIGATION OF RISKS ASSOCIATED WITH POSSIBLE CHANGE IN PRICES FOR PRODUCTS AND/OR SERVICES OF THE COMPANY:

- improvement of operational efficiency of the Company by means of implementation of programs for reduction of production costs and fuel saving;
- execution of works for conclusion of long-term contracts for power supply;
- expansion of sales markets for the purpose of diversification of the sales structure;
- execution of the well considered financial policy;
- enforcement of work with state legislative and executive authorities.

COUNTRY AND REGIONAL RISKS

COUNTRY RISKS

The Company does not have any grounds for forecasting of such changes in the political and economic situation in Russia which could adversely affect standing and activities of the Company.

REGIONAL RISKS

The Company is registered as a legal entity in the Stavropol Territory (Village Solnechnodolsk), however, enterprises generating heat and electrical energy are situated in various regions of the Russian Federation.

Business diversification and the exclusively favorable geographical location of facilities allow for conclusion on stability of the Company and its insignificant exposure to regional risks.

FINANCIAL RISKS (MARKET RISKS)

INFLATION RISK

The Company understands that inflation indicators may have material adverse effect on results of activities of Russian companies including results of activities of the Company.

Production activities of the Company is concentrated in Russia and most part of direct costs of the Company incurs in Russia. At that, all payments are effected in Rubles. Since the beginning of 1990's in Russia here has been a high level of inflation. Inflation grew sharply after the financial crisis of 1998 amounting at that year to 84.4%. Notwithstanding recent reduction if inflation rates which amounted in 2003 to 12.0%, in 2004 — 11.7%, in 2005 — 10.9% and in 2006 — 9.0%, in general Russian companies demonstrate increase in costs due to inflation conditioned by general growth of prices in Russia such as costs of raw and other materials as well as salary. At continuation of high inflation rates it is not easy to maintain and keep at the optimal level norms of profits from core activities.

CURRENCY RISKS

Notwithstanding significant liberalization of Russian legislation on currency regulation and currency control as well as cancelation of some restrictions since the 1st of January 2007 effective legislation on currency regulation and currency control still provides for certain restrictions. Thus, the general prohibition of currency transactions among Russian companies has not been canceled (except for transactions directly listed in Federal Law "On currency regulation and currency control" No. 173-FL of the 10th of December 2003 ("Law on currency control") and transactions between authorized banks listed in regulatory acts of the Central Bank of Russia) and the requirements on repatriation, except for some exclusions, of receipts from export transactions to Russia. These restrictions do not cause any significant influence on activities of the Company, its financial standing, liquidity, sources of financing since its activities will be further carried out in such a way that

its assets and liabilities would be expressed in the national currency.

CREDIT RISKS

The Company has the possibility to attract funds both in the Russian and foreign financial markets. For the purpose of improvement of loan conditions the Company aims at improvement of its credit history and improvement of financial transparency of its activities.

TAX RISKS

Tax risks for the Company are associated with impossibility for Russian companies to consolidate financial results for tax purposes. Each of Russian subsidiaries of the Company independently pays its Russian taxes and can not set off its profit or loss on account of profits or losses of any other subsidiary of the Company. In addition, internal group dividends are charged with the tax from the course of payment at the rate of 9% (at payment to Russian residents) and 15% (at payment of foreign residents). If the company receiving an internal group dividend is a Russian company and pays itself dividends to Russian residents the receiving company may set off the amount of tax on the dividend received by it on account of taxes withheld by it in the course of payment of its dividend to Russian residents. These and other tax requirements charge the Company with additional burden and expenses associated with its activities, in particular, for management resources. However, such norms will be amended by amendments introduced into force since the 1st of January 2008, and dividends received by Russian organizations from their Russian subsidiaries will not be charged with the tax on dividend subject to fulfillment of a number of conditions (including the term of holding of shares, the amount of share and amount of investments as well as some other) as set in the relevant law.

INTEREST RISKS

Taking into consideration that the Company uses in its activities borrowed funds (bank credits) it is necessary to take into account the risk of occurrence of losses in case of improvement of interest rates since increase in cash flow for debt servicing will be required. Fluctuations of exchange rates create uncertainty for the Company. Uncertainty of the level of interest rates in future may create obstacles for business planning. Increase in exchange rates on already received monetary funds may seriously affect the cash flow.

LEGAL RISKS

The Company does not carry out export and import of goods, works and services. In this connection legal risks associated with activities of the issuer are described for the domestic market only. In general, risks associated with activities of the issuer are proper to most of entrepreneurial entities operating in the territory of the Russian Federation and are not exclusive in their nature.

RISKS ASSOCIATED WITH AMENDMENT OF CURRENCY REGULATIONS:

Changes in currency regulation may indirectly influence activities of the Company since such changes may lead to general deterioration of the economic situation in the country.

However, the Company does not plan to exercise its activities outside the Russian Federation and risks of change in currency regulations are estimated to be at a minimum.

RISKS ASSOCIATED WITH CHANGES IN TAX LEGISLATION:

Progressive reforming by the government of the Russian Federation of the tax system led to a certain improvement of the tax climate. Over the last years a whole number of measures have been taken for reduction of the aggregate tax burden. The possibility for significant change in tax legislation reduced since most of planned reforms were executed. Thus, planning of deductions became more predictable and risks of additional accruals, fines and penalties reduced.

However, at present Russian tax legislation admits ambiguous interpretations for a number of points or does not have any explanations for application. This means that interpretation by the Company of such legislation in relation to operations and activities may be contested by relevant regional and federal authorities. In the opinion of the Company, these risks affect the Company like they affect all entities of the market.

RISKS ASSOCIATED WITH CHANGE IN RULES OF CUSTOMS CONTROL AND DUTIES:

Activities of the Company is exclusively associated with the domestic market. The issuer is not exposed to any risks associated with changes in rules of customs control and duties since it does not suppose to exercise foreign economic activities.

RISKS ASSOCIATED WITH CHANGES IN REQUIREMENTS ASSOCIATED WITH LICENSING OF CORE ACTIVITIES OF THE ISSUER OR LICENSING OF RIGHTS FOR USE OF OBJECTS CIRCULATION OF WHICH IS LIMITED (INCLUDING NATURAL RESOURCES):

The Company tries to correspond to comply with all requirements associated with licensing of activities and rights of use and to timely update documents confirming such compliance. In this connection risks of occurrence of violations are estimated as insignificant.

RISKS ASSOCIATED WITH CHANGES IN JUDICIAL PRACTICE WITH REGARDS TO MATTERS ASSOCIATED WITH ACTIVITIES OF THE ISSUER (INCLUDING LICENSING ISSUES) WHICH MAY HAVE ADVERSE EFFECT ON RESULTS OF ITS ACTIVITIES AS WELL AS RESULTS OF CURRENT LEGAL PROCEEDINGS INVOLVING THE ISSUER:

The possibility of changes in judicial practice associated with activities of the Company (including licensing issues) is considered as insignificant and will not materially affect its activities. In case of introduction of amendments into judicial practice with regards to matters associated with activities of the Company the Company plans to adapt its financial and economic activities according to such changes.

Taking into the fact that the Company does not intend to carry out any activities in external markets analysis of influence of legal risks associated with activities of the Company in external markets is not presented.

DISTRIBUTION OF PROFITS AND DIVIDEND POLICY

DISTRIBUTION OF PROFITS

In accordance with resolutions of General Meetings of Shareholders of OJSC "OGK-2" net profits following the results of activities of OJSC "OGK-2" over 2005 and 2006 were distributed as follows:

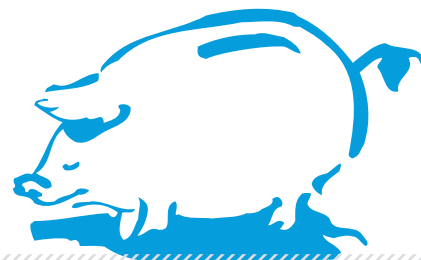
DISTRIBUTION OF PROFITS IN OJSC "OGK-2"

Indicators	AGMS following the results of 2005	AGMS following the results of 2006
Retained profit (loss)	2 372 410	146 535
Reserve fund	118 621	7 339
Accumulation fund	2 058 856	—
Dividends	194 933	139 196
Other purposes	—	—

Table 27

In accordance with the resolution of the General Meeting of Shareholders of OJSC "OGK-2" of 22.06.2007 following the results of the 1st quarter of 2007 40,402 thousand rubles of net profit were distributed in terms of 0.003792 rubles per one ordinary share of the Company.

Following the results of 2007 net profits of OJSC "OGK-2" was established at the level of 39284 thousand rubles. Due to excess of the amount of accrued intermediate dividends following the results of the 1st quarter of 2007 over the amount of actual net profit following the results of 2007 profit to be distributed is zero.



DIVIDEND HISTORY OF OJSC "OGK-2"

Name of the indicator	The accounting period following the results of which the decision is taken on payment of dividends				
	9 months of 2005	2005	6 months of 2006	2006	The 1st quarter of 2007
Share category	Ordinary Registered Share	Ordinary Registered Share	Ordinary Registered Share	Ordinary Registered Share	Ordinary Registered Share
Amount of declared dividends per one share, rubles	0,006264	0,011836	0,003539	0,001873	0,0015257
Aggregate amount of declared dividends for all shares, thousand rubles	67 462	127 471	89 597	49 599	40 402
Name of the management body taking the decision on payment of dividends	Extraordinary General Meeting of Shareholders	Annual General Meeting of Shareholders	Extraordinary General Meeting of Shareholders	Annual General Meeting of Shareholders	Annual General Meeting of Shareholders
Date of execution of the meeting	23.12.2005	21.04.2006	25.09.2006	22.06.2007	22.06.2007
The term granted for payment of dividends	Within 60 days from the date of adoption of the decision on payment of dividends				
Form and other conditions of payment of dividends	Monetary form	Monetary form	Monetary form	Monetary form	Monetary form
Total amount of paid dividends (taking into account tax), thousand rubles	67 462	127 471	89 389	49 290	40 149

Table 28

The reason for the incomplete payment of declared dividends is absence of complete and accurate information on banking details and postal addresses in the register of shareholders. In accordance with clause 5 article 44 of Federal Law No. 20-FL "On Joint Stock Companies" the person registered in the register of shareholders of the Company is obliged to timely inform the holder of the register of shareholders of the Company on amendment of his data. The register holder of OJSC "OGK-2" is OJSC "Central Moscow Depository".

OJSC "OGK-2" paid income on non-convertible interest-bearing certified bearer bonds with compulsory centralized storage, series 01, in the amount of 191,950 thousand rubles (amount of income per bond 38,39 rubles).

DIVIDEND POLICY OF THE COMPANY

The dividend policy of OJSC "OGK-2" was approved by the Board of Directors of OJSC "OGK-2" on the 11th of April 2008.

PRINCIPLES OF THE DIVIDEND POLICY OF THE COMPANY

- compliance of the practice applied by the Company for accrual and payment of dividends with legislation of the Russian Federation and the best standards of corporate conduct;
- observance of interests of shareholders;
- maintenance of the required level of financial and technical condition of the Company, ensuring the perspectives of development of the Company;
- necessity of improvement of investment attractiveness of the Company and its capitalization;
- ensuring the transparency (clearness) of the mechanism for determination of the amount of dividend payments for shareholders and managers.

The recommended amount of dividend payments shall be determined by the Board of Directors on the basis of financial results of the Company's activities. At that, the Board of Directors will try to maintain, all other conditions being equal, positive dynamics of value of dividend payments to shareholders from year to year.

Subject to availability of relevant proposals of a member (members) of the Board of Directors the possibility is admitted for approval by the Board of Directors of the Company of the methodology for distribution of profit and calculation of dividends of the Company in accordance with which calculation of directions of profit distribution will be taken including calculation of the amount of dividend.

DISCLOSURE OF INFORMATION ABOUT THE DIVIDEND POLICY

The Company ensures placement of these Regulations and all amendments thereto in permanent access on the web site of the Company in Internet at the following address: <http://www.ogk2.ru/rus/si/corporatemanagement/index.wbp>

Information on taking of the decision on payment of dividends, amount, terms, method and for of payment thereof is disclosed in accordance with the procedure prescribed by effective legislation of the Russian Federation as well as international legislation and Listing Rules of the London Stock Exchange (LSE).

Materials submitted to shareholders for adoption of the decision on payment of dividends at the General Meeting of Shareholders shall contain information evidencing on availability or absence of conditions required for payment of dividends.

The company publishes notification on the decision to pay dividends by means of placement of information in the web-site of the Company and in the newspaper "Rossiyskaya Gazeta" not later than five days from the moment of execution of the minutes of the General Meeting of Shareholders which adopted the relevant decision.

The announcement published by the Company on the decision to pay dividends, amount form, term of and procedure for payment shall provide for unambiguous and clear understanding by shareholders on such questions. At the same time, this notice shall clarify for shareholders their obligation in case of modification of banking details and postal addresses to enter amendments into the questionnaire of the registered person in the register of shareholders of the Company as well as consequences of non-observance of this obligation.



PURCHASING ACTIVITIES



BASIC PROVISIONS OF THE PURCHASE POLICY OF THE COMPANY

The structure of the logistics system of OJSC "OGK-2" is built in accordance with the corporate system of standards of Purchasing activities and is aimed at ensuring the purposeful and efficient expenditure of monetary funds of the Company as well as obtainment of economically justified costs (market prices for products) and prevention of probable abuses on the part of purchasing employees.

The basic provisions of the policy of OJSC "OGK-2" in the area of purchase activities are reflected in the Regulations "On procedure for execution of regulated purchases of goods, works, services for needs of OJSC "OGK-2" approved by the resolution of the Board of Directors of the Company.

Strategic planning of activities of OJSC "OGK-2" within the framework of purchases is imposed on the Central purchase body personnel composition of which is approved by the resolution of the Board of Directors of the Company.

Official publication of all executed competitive procedures is exercised in mass media approved by the Board of Directors of the Company — site OJSC "OGK-2" (www.ogk2.ru) and ETP ("B2B-energo").

Control over realization of GKPZ is exercised in the form of quarterly reports of the General Director of the Board of Directors before the Board of Directors. Until approval by the Board of Directors of the Company the above mentioned report passes through expertise at the Logistic and Purchase Department of the Business Unit 2 of OJSC RAO "UES of Russia".

Actually over 12 months of 2007 the total estimated cost of all purchases amounted to 73,173,638.00 thousand rubles exclusive of VAT including:

- EA of OJSC "OGK-2" — 1,740,296.17 thousand rubles exclusive of VAT
- Branch of OJSC "OGK-2" — Surgutskaya GRES-1 — 1,377,094.11 thousand rubles exclusive of VAT
- Branch of OJSC "OGK-2" — Serovskaya GRES — 803,898.22 thousand rubles exclusive of VAT
- Branch of OJSC "OGK-2" — Pskovskaya GRES — 145,992.01 thousand rubles exclusive of VAT
- Branch of OJSC "OGK-2" — Stavropolskaya GRES — 20,878,338.64 thousand rubles exclusive of VAT
- Branch of OJSC "OGK-2" — Troitskaya GRES — 48,228,018.84 thousand rubles exclusive of VAT

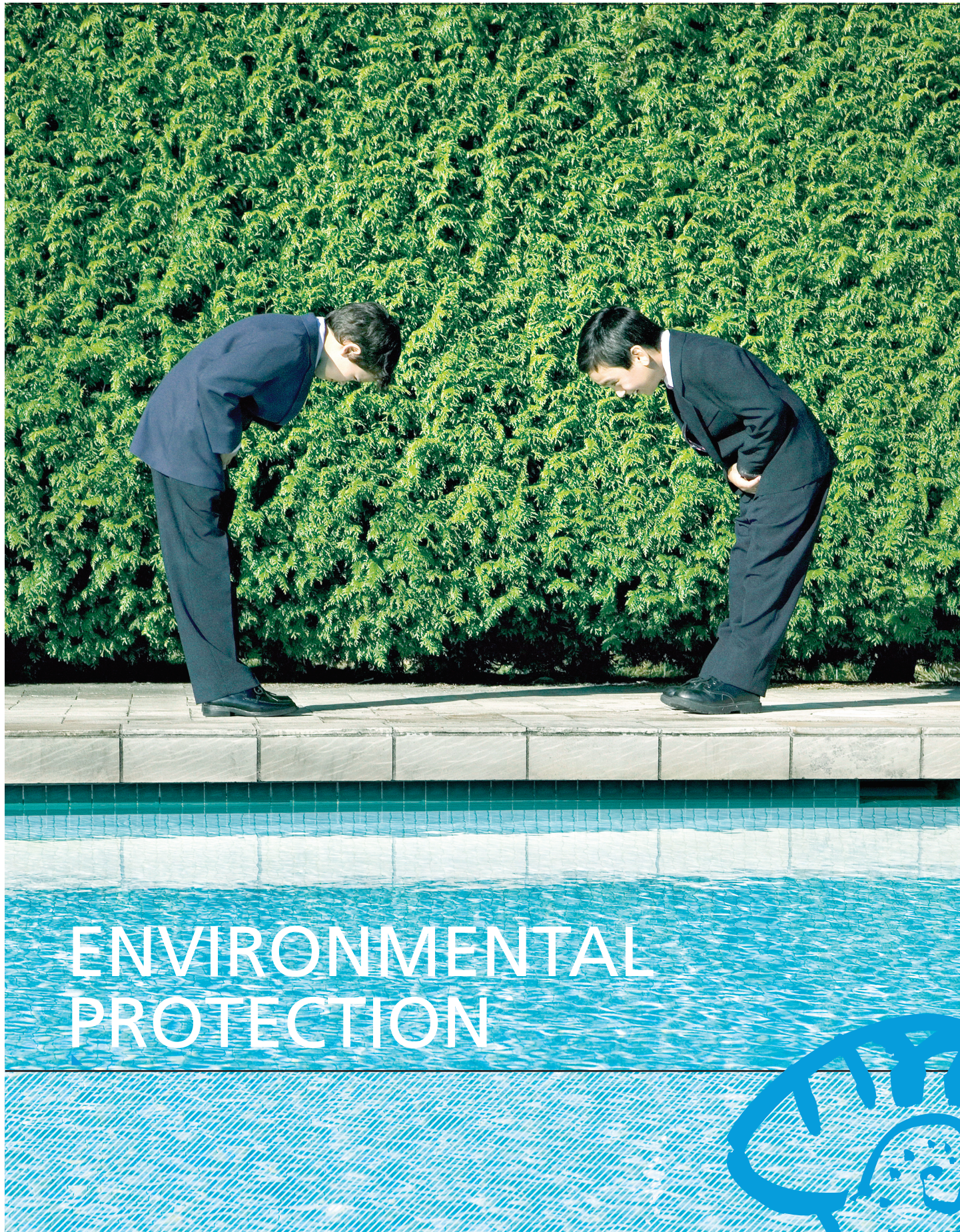
The total preliminary cost of purchases planned at GKPZ for 2007 except for purchases relating to investment activities of OJSC RAO "UES of Russia" amounts to 10,781,398.02 Branch of. Actually in 2007 total preliminary cost of purchases amounted to 6,229,233.50 thousand rubles exclusive of VAT, except for purchases relating to the investment program of OJSC RAO "UES of Russia".

With regards to executed regulated and not regulated purchases in 2007 as a whole at OJSC "OGK-2", except for purchases relating to the investment program of OJSC RAO "UES of Russia", the positive economic effect amounted to 2.9% or 182,181.62 thousand rubles exclusive of VAT.

Among the total amount of regulated and not regulated purchases in 2007 (73,173,638 thousand rubles exclusive of VAT) specific weight (form 2) of:

- public tenders amounts to 69,37% or 50,761,265.61 thousand rubles;
- private tenders amounts to 0.02% or 16,454.00 thousand rubles;
- open requests for prices amounts to 0.40% or 294,924.04 thousand rubles;
- private requests for prices amounts to 0.002% or 1,499.00 thousand rubles;
- open requests for proposals amounts to 0.19% or 136,186,15 thousand rubles;
- private requests for proposals amounts to 0.002% or 1,500.00 thousand rubles;
- open tender negotiations amounts to 0.16% or 116,073.80 thousand rubles;
- purchases from the sole source amounts to 29.76% or 21,773,919.28 thousand rubles, among that the "sole source following the results of tender procedures" with the total cost of 63,000.00 thousand rubles, the "sole source following the results of tender procedures with official publication at ETP "B2B-energo" with the total cost of 19,901,814.99 thousand rubles. Decisions on execution of purchases by means of the method "sole source following the results of tender procedures" were taken by Central Purchase Department of OJSC "OGK-2" on the basis of clause 7.8.1.6 of the Regulations "On procedure for execution of regulated purchases of goods, works, services for needs of OJSC "OGK-2";
- non-regulated purchases amounts to 0.10% or 71,816.12 thousand rubles including 10,627.21 thousand rubles on the basis of the resolution of the Board of Directors of OJSC "OGK-2".

The decision of the Executive Committee of RAO "UES of Russia" on execution of purchases using up-to-date means of communication ("electronic trades") not less than 60% of purchases of the total amount of competitive tenders were executed. The volume of purchases executed (declared) at the ETP "B2B-energo", taking into account "sole sources following the results of tender procedures at ETP "B2B-energo", of the total amount of tender bids amounted in 2007 in quantitative terms to 61%.



ENVIRONMENTAL PROTECTION



ENVIRONMENTAL ACTIVITIES EXECUTED BY THE COMPANY IN 2007

BRANCH OF OJSC "OGK-2"—SEROVSKAYA GRES

Dust extraction plants on boilers No. 2, 8 were repaired. As a result of the executed work ash emissions of coals reduced by 116.211 tons. For reduction of amount of harmful substances in discharges of household waters preparatory works were carried out for construction of treatment facilities (development of the project, purchase of equipment, agreement upon the discharge point into the surface water facility).

BRANCH OF OJSC "OGK-2"—SURGUTSKAYA GRES-1

Reconstruction of gas supply was carried out with replacement of burners on low-toxic blocks No. 6, No. 12 which provided at increase in power generation by 1.33% reduction of emissions of nitrogen oxides by 4% (517 tons).

Repair of hydraulic technical facilities and bank protection of the water reservoir, repair of the slurry duct prevented an accident with environmental consequences.

BRANCH OF OJSC "OGK-2"—TROITSKAYA GRES

After the executed repair of gas treatment equipment (scrubber MPBTI-3310) of the boiler 3B, scrubber MPBTI-3310 of the boiler 2, replacement of corona producing and collecting electrodes of electric filters (PGD/UG — 4-38) of power unit No. 4, corona producing and collecting electrodes of electric filters (EGA-288-12-6-4U) of power unit No. 9.

BRANCH OF OJSC "OGK-2"—STAVROPOLSKAYA GRES

The work is being carried out for reconstruction of the water chemical treatment system with implementation of reverse osmosis which will permit to reduce discharge of pollutants with discharge waters and amount of liquid wastes to 30%.

For the purpose of efficient management of environmental impact the work has been carried out for implementation of the environmental management system within the framework of the pilot project of EA of OJSC "OGK-2"—branch of OJSC "OGK-2"—Stavropolskaya GRES.

Application of perspective technologies and solutions (in economic plan) at production of electrical energy and heat energy

Implementation of perspective (in terms of ecology) technologies and solutions within the framework of production of electric and heat energy is planned for the short-term and medium-term perspective. Among them the following may be noted: implementation of energy saving technologies is carried out on account of installation at the branch of OJSC "OGK-2"—Surgutskaya GRES-1 of direct current, low-toxic burners type GMPV-50 with the system of gas regulation on blocks Nos. 6 and 12 led to reduction of emissions of nitrogen oxides by 4%.

Implementation of a 400MW steam and gas unit at the branch of OJSC "OGK-2"—Stavropolskaya GRES will permit, resolving

the task of increase of capacity of the GRES, to decrease specific emissions of pollutants in the air. For achievement of reduction of impact on the water facility at the branch of OJSC "OGK-2"—Sеровskaya GRES construction of household treatment facilities has been started and at the branch of OJSC "OGK-2"—Stavropolskaya GRES plans are to carry out reconstruction of the chemical water treatment system, on the basis of the reverse osmosis technology, at the branch of OJSC "OGK-2"—Troitskaya GRES to carry out replacement of old gas treatment equipment with up-to-date equipment which leads emissions of pollutants in the air to the level of maximum permissible concentrations.

QUALIFICATION OF ENVIRONMENTAL PERSONNEL

Eleven employees passed through advanced qualification of management employees and energy specialists in the subject "Environmental management and environmental audit at energy companies of the Holding OJSC RAO "UES of Russia"". Qualification of specialists, heads of environmental units of branches-plants of OJSC "OGK-2" is at a high level, regular re-training and advanced training and improvement of qualification is carried out at specialized educational establishments, courses.

PRIMARY ENVIRONMENTAL OBJECTIVES FACED BY OJSC "OGK-2" IN 2008 AND STRATEGIC ENVIRONMENTAL OBJECTIVES FOR THE NEAREST 3 YEARS AND BASIC DIRECTIONS OF IMPLEMENTATION THEREOF

ORGANIZATIONAL ACTIVITIES:

- Formation and approval of the Environmental Policy of OJSC "OGK-2", basic directions of its implementation until 2015 and the Program for implementation thereof for the nearest 3 years.

- Advanced training of employees of the Company responsible for accounting, storage, transportation and placement of hazardous wastes, execution of environmental audit and observance of requirements of environmental legislation.

- Execution of internal environmental audits.

- Certification of the environmental management system with the area of application at EA of OJSC "OGK-2"—branch of OJSC "OGK-2"—Stavropolskaya GRES.

- Participation in improvement of the normative-methodological and technological base in the environmental area.

ACTIVITIES FOR IMPLEMENTATION OF THE ENVIRONMENTAL POLICY AND ACHIEVEMENT OF TARGET INDICATORS:

- Implementation of the best existing technologies at production of electrical energy:

- Implementation of the reverse osmosis technology at chemical water treatment facilities (branch of OJSC "OGK-2"—Stavropolskaya GRES).

- Continuation of works for installation of direct current, low-toxic burners with the gas regulation system (branch of OJSC "OGK-2"—Surgutskaya GRES-1).

- Construction of treatment facilities using the biological technology for treatment of discharge waters (branch of OJSC "OGK-2"—Sеровskaya GRES).

ACTIVITIES FOR IMPLEMENTATION OF THE MECHANISMS OF THE KYOTO PROTOCOL

- Identification of low cost activities of energy efficiency, evaluation of reduction of emissions of greenhouse gases, expresses investigations of implementation of the Environmental Policy.
- Preparation of investment projects for joint implementation according to article 6 of the Kyoto Protocol.
- Preparation of projects for energy efficiency.

PROTECTION OF THE ATMOSPHERE AIR

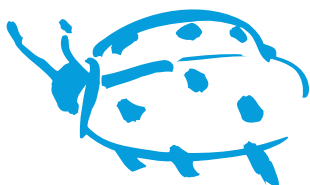
- Replacement and modernization of dust collection units with up-to-date ones (the branch of OJSC "OGK-2" Troitskaya GRES).
- Organization of a sanitary-protection area (the branches of OJSC "OGK-2" Troitskaya GRES and Serovskaya GRES).

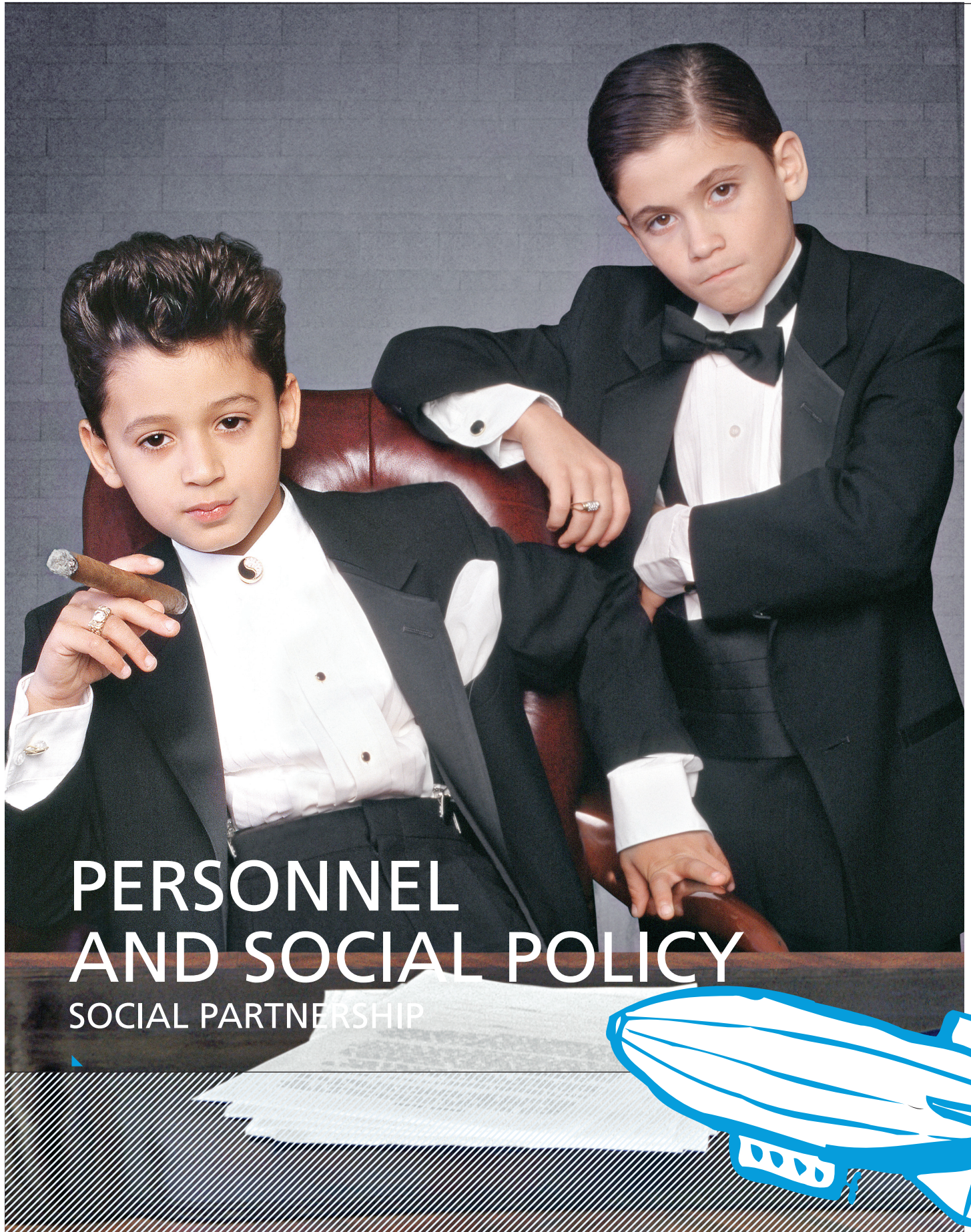
PROTECTION AND RATIONAL USAGE OF WATER RESOURCES

- Cleaning of the Novotroitsky water basin (the branch of OJSC "OGK-2" — Stavropolskaya GRES).
- Seeding of the Novotroitsky water basin (the branch of OJSC "OGK-2" — Stavropolskaya GRES).

PROTECTION AND RATIONAL USAGE OF LANDS. DISPOSAL OF WASTES

- Engineering works and re-cultivation of lands (industrial site, evaporating pond of the branch of OJSC "OGK-2" — Stavropolskaya GRES).
- Conservation and preparation for re-cultivation of sections 2, 3 of the ash disposal (the branch of OJSC "OGK-2" Troitskaya GRES).
- Activities for reduction of adverse impact at the ash disposal of the branch of OJSC "OGK-2" Troitskaya GRES including assembly and introduction into operation of the dust suppression system, modernization of the hydraulic ash removal system, restoration of dams at sections 1, 2, 3 of the ash disposal, arrangement of a water grip.
- Development of activities aimed at increase in use (utilization) of ash slurry wastes (hereinafter referred to as ASW) and search for potential regional consumers of ASW.
- Creation of specialized services (organizations) for realization and utilization of ASW, formation and fulfillment of regional programs for reprocessing and use of ASW.
- Environmental activities within the framework of construction of ash disposals at the branch of OJSC "OGK-2" Troitskaya GRES and the branch of OJSC "OGK-2" Serovskaya GRES.





PERSONNEL AND SOCIAL POLICY

SOCIAL PARTNERSHIP

SOCIAL POLICY

Respect of the human rights, recognition and ensuring the priority of life and health of employees to results of production activities represent an integral part of the social policy of OJSC "OGK-2".

The Company uses the approach conventional for the industry to protection of social rights of employees — support and development of the social partnership system. This is conditioned by specificity of electric energy system: the necessity to observe high technological discipline, transparency of labor relations associated with state regulation of tariffs for services of natural monopolies.

In 2007 OJSC "OGK-2" was accepted as a member of the All-Russian industrial association of employers of the electrical energy industry (association RaEI).

PERSONNEL POLICY

The main objective in the area of personnel management established by the Strategy of OGK-2 consists in continuous development of the personnel potential and efficient provision of the Company with personnel meeting the required level of qualification.

Achievement of the set objective is possible on account of implementation of the Personnel policy based upon the principle of the system approach to work with personnel.

In 2007 construction and development of the system for management of personnel of the Executive apparatus and branches continued, methodological documents regulating processes of work with personnel were successfully implemented in practice.

In autumn of 2007 scheduled attestation of personnel of the Executive apparatus and branches was carried out the results of which were used within the framework of formation of the Personnel Reserve, Plans for training, retraining and advanced training of employees of OJSC "OGK-2" for 2008.

AGE COMPOSITION OF EMPLOYEES

The age composition of employees of OJSC "OGK-2" (fig. 13.2) is balanced by categories: workers 25-35 years — 23%, 35-45 years — 26%, 45 years until pension age — 35%. At that, there is a small group of young employees under 25 years — 6% and working pensioners — 10%.

PERSONNEL ROTATION

OJSC "OGK-2" gradually carries out the policy for rejuvenation of the collective. In 2007 the Company accepted 482 persons including 31% (148) of employees under 25 years, 30% (146 persons) — employees 25-35 years old.

INFORMATION ABOUT PERSONNEL OF OJSC "OGK-2"

STRUCTURE OF EMPLOYEES BY CATEGORIES

The number of employees at the Company according to data as of the end of December 2007 amounted to 4,730 persons. Two thirds of the total number of employees 63% (2,980 persons) are laborers, 24% (1,135 persons) — specialists, 13% — high and medium level managers (49 and 548 persons respectively).

STRUCTURE OF EMPLOYEES OF OJSC "OGK-2" BY CATEGORIES

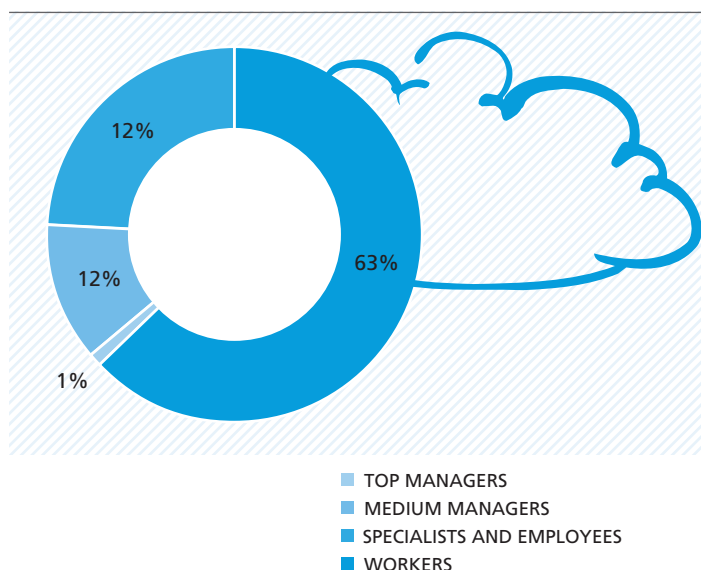


Fig. 22

AGE COMPOSITION OF EMPLOYEES OF OJSC "OGK-2"

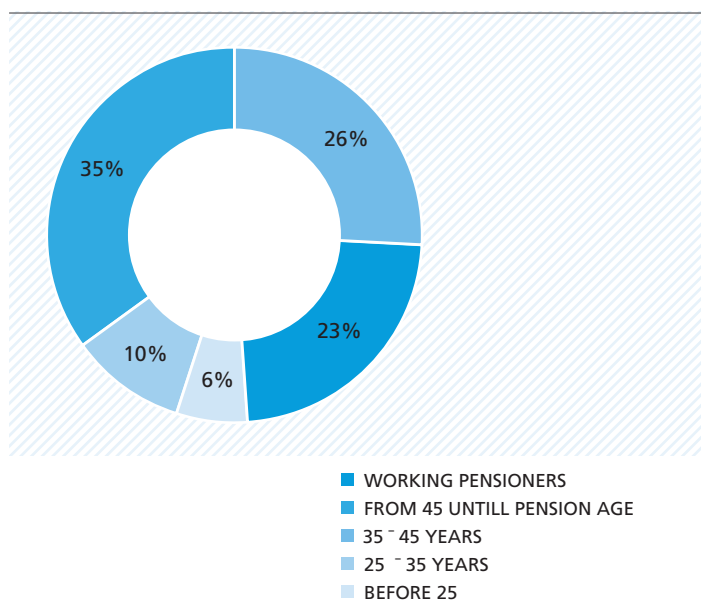


Fig. 23

QUALITATIVE COMPOSITION OF EMPLOYEES (EDUCATIONAL LEVEL) ACCORDING TO DATA OF 2007

Personnel category	Total number	Higher professional	Education		Candidates of science	Qualification level
			Secondary professional	Secondary		
Executive apparatus	202	196	2	4	8	98,0%
Serovskaya GRES	476	114	164	198	0	58,4%
Stavropolskaya GRES	961	387	265	309	2	67,8%
Pskovskaya GRES	410	119	147	144	0	64,9%
Troitskaya GRES	1567	345	961	261	1	83,3%
Surgutskaya GRES	1096	432	329	335	0	69,4%
Total at OGK-2	4712	1593	1868	1251	11	73,5%

Таблица 29

PERSONNEL DEVELOPMENT SYSTEM

For the purpose of maintenance of a high professional level of employees, preparation of employees for fulfillment of complicated production functions under modern conditions of labor organization OJSC "OGK-2" gradually carries out work for training and improvement of qualification of the personnel.

In 2007 20,472.1 thousand rubles were spent for training and improvement of qualification of the personnel. In this sum 45 % — for training of managers, 21 % — specialists and employees, 34 % — for training of workers. 76.7% of managers, 41.4% of specialists and employees, 51.9% of workers passed through training, retraining and advanced training, took part in informational and consulting seminars and conferences. 12 managers were directed for training for the purpose of additional (to the first higher) education with assignment of the qualification "Master of Business Administration" (еЗД).

LABOR PROTECTION

The basic principle of formation of the policy in the area of labor protection consists in recognition and ensuring the priority of life and health of employees of branches of OJSC "OGK-2" to results of production activities of the Company.

The main purpose of the labor protection policy of the Company consists in ensuring the safe and health working conditions for employees at all stages of the production process, creation of conditions providing for not only timely elimination of any violations of labor protection norms but also prevention of any possibility for occurrence of the same.

Implementation of the labor protection policy, improvement of reliability and safety of work of personnel shall be exercised through the system of labor protection at the Company.

BASIC DIRECTIONS OF WORK ASSOCIATED WITH LABOR PROTECTION IN 2007:

- implementation of programs for improvement of working conditions;
- training and preparation of personnel for safe work;
- provision of employees with means of protection against impact of hazardous and harmful production factors;
- compulsory insurance of employees against temporary incapacity to labor due to industrial diseases, accidents

occupational diseases;

- organization of systematic (comprehensive and target) inspections of status of conditions and labor protection at working places at branches;
- organization of "Days of labor protection and fire safety";
- control over fulfillment of prescriptions of state supervisory authorities, other supervisory authorities, Public labor protection inspectors;
- execution of selective meetings with consideration of matters associated with state of labor conditions and protection and progress of execution of labor protection activities;
- listening to managers on state of working conditions at structural subdivisions and at working places.

PURPOSES AND OBJECTIVES FOR 2008 IN THE AREA OF LABOR PROTECTION

The main purpose of labor protection activities in 2008 remains avoidance of fatal and general injuries, improvement of working conditions for personnel and its protection against harmful and hazardous production factors.

For achievement of this purpose in 2008 following the results of executed analysis of labor protection activities in 2007 the following tasks shall be resolved:

- Gradual visiting of working places by management personnel of the enterprise for the purpose of detection of deficiencies in organization of safe fulfillment of works.
- Execution of explanatory work with regards to priority of safety of works before the necessity of execution of the same.
- Formation of the sense of responsibility in each employee for violation of safety requirements.
- Optimization of the system, of moral and material incentives as the economic basis for prevention of injuries.
- Use of analytical information within the framework of planning of directions of activities for reduction of the number of injuries.
- Adoption of measures for replacement of obsolete equipment and arrangement of block devices with a relevant set of activities.

- Maintenance of the average industrial level of expenses associated with labor protection (including expenses for means of individual protection) per person.
- Maintenance of the potential of Engineering and Technical Personnel and structures dealing with labor protection matters.
- Enforcement of work for training of personnel, inspection of working places and provision with means of protection.
- Ensuring the completeness and quality of all types of executed briefings.
- Strict punishment up to dismissal of guilty persons for deliberate departure from the set task, expansion of the assignment or the working area, failure to apply means of individual protection and electric protection means even if this does not lead to an accident (such measures are prescribed by legislation).
- In contracts for execution of contract works it is necessary to provide for responsibility for violation of labor protection requirements, inspection of labor protection at structural subdivisions of the contractor, its readiness to safely execute works, provision with means of individual protection, and the maintenance schedule.
- Continuous improvement of qualification of personnel with regards to labor protection and professional skills including knowledge to correctly execute orders and instructions. Attestation of responsible managers and executors of works in labor protection before execution of the repair campaign of 2008.
- Control over fulfillment of the perspective Plan of labor protection activities and activities for prevention of occupational diseases for 2008-2010.
- Organization of implementation at OJSC "OGK-2" of a health and safety management system at production OHSAS 18001:2007.
- Removal of external tension associated with informational closeness of the company from minor shareholders, regions of presence;
- Re-orientation of the informational policy of the company in accordance with listing requirements of the London Stock Exchange;
- Improvement of the recognition of the company, individualization thereof from a number of initially faceless OGKs;
- Creation of the system for management of information risks.

Following the results of 2006 the company prepared and approved in the course of Public hearings and published the first report on corporate social responsibility in accordance with the GRI standard. This report, as is prescribed by the international standard, became not only the report on activities but also a document fixing recognition by the company of its role and its corporate responsibility as well as a document consolidating plans of the company within the framework of implementation of this responsibility.

In this report the company formulated and assumed continuing commitments in the area of social responsibility.

The key element of the general corporate social responsibility of OJSC "OGK-2" is ensuring in its part of reliable operation of the UES of Russia as well as uninterruptible power supply of public infrastructure facilities in the territory of which generating capacities of the company are located. Stable work of GRESs and satisfaction of increasing demand for electrical energy and heat energy directly determines both execution of production programs of consuming enterprises and exclusion of social disasters among population.

OJSC "OGK-2" understands and recognizes responsibility caused by use in the course of production activities of natural resources and environmental impact of its activities. The Environmental Policy of OJSC "OGK-2" sets specific targets for reduction of unfavorable environmental impact a component part of which is observance of norms of industrial and environmental safety.

Having a clear understanding of the value of the collective working at the company OJSC "OGK-2" ensures maintenance of worthy and comfortable conditions of work and development of each employee not only for execution by him of productive activities but also for implementation by him of individual plans.

OJSC "OGK-2" tries to create clear and rational perception of itself with all parties interested in its activities — shareholders, investors, employees, partners, social organizations, management bodies in regions of presence. For this purpose the company carries out gradual work for covering of both current activities and plans for future — in the format of a dialogue at negotiation sites and public hearings.

SOCIAL RESPONSIBILITY

OJSC "OGK-2" understands that the market value of the company is formed not only on the basis of production achievements. In the today's society conscious compliance of the company with requirements of not only business but society as well has significant importance. OJSC "OGK-2" aims to increase its value both in market and social terms.

In 2007 OJSC "OGK-2" adopted the decision on achievement of compliance with international standards GRI in the area of social responsibility. As a result of the year of work executed in this direction the company managed to set and commence resolving a number of tasks:

- Covering of the strategy and technical policies of the company including the Environmental Policy;

ROLE OF OJSC "OGK-2" IN SOCIAL AND ECONOMIC DEVELOPMENT OF REGIONS IN THE TERRITORY OF WHICH GENERATING CAPACITIES OF OJSC "OGK-2" ARE SITUATED

OJSC "OGK-2" plays a special role in ensuring the successful social and economic development of regions of its presence, welfare of population of the North-Western, Southern, Ural, West Siberian federal districts. Activities of OJSC "OGK-2" causes important influence on social and economic position in regions in the territory of which generating facilities of the company are situated. This influence is of various natures and manifests itself in various areas. It is possible to highlight three basic closely related aspects of influence of OJSC "OGK-2" — economic, social and environmental. Scales of economic and environmental impact depend on state policy in the area of energy and policy of the main shareholders — RAO "UES of Russia".

Plants included in OJSC "OGK-2" serve as catalysts of regional economic activities providing population with working places engaging external enterprises as contractors providing necessary goods and services, ensuring uninterrupted power supply paying significant taxes to local budgets.

Comprehensive influence of OJSC "OGK-2" of the social and economic situation in the regions of presence includes the following:

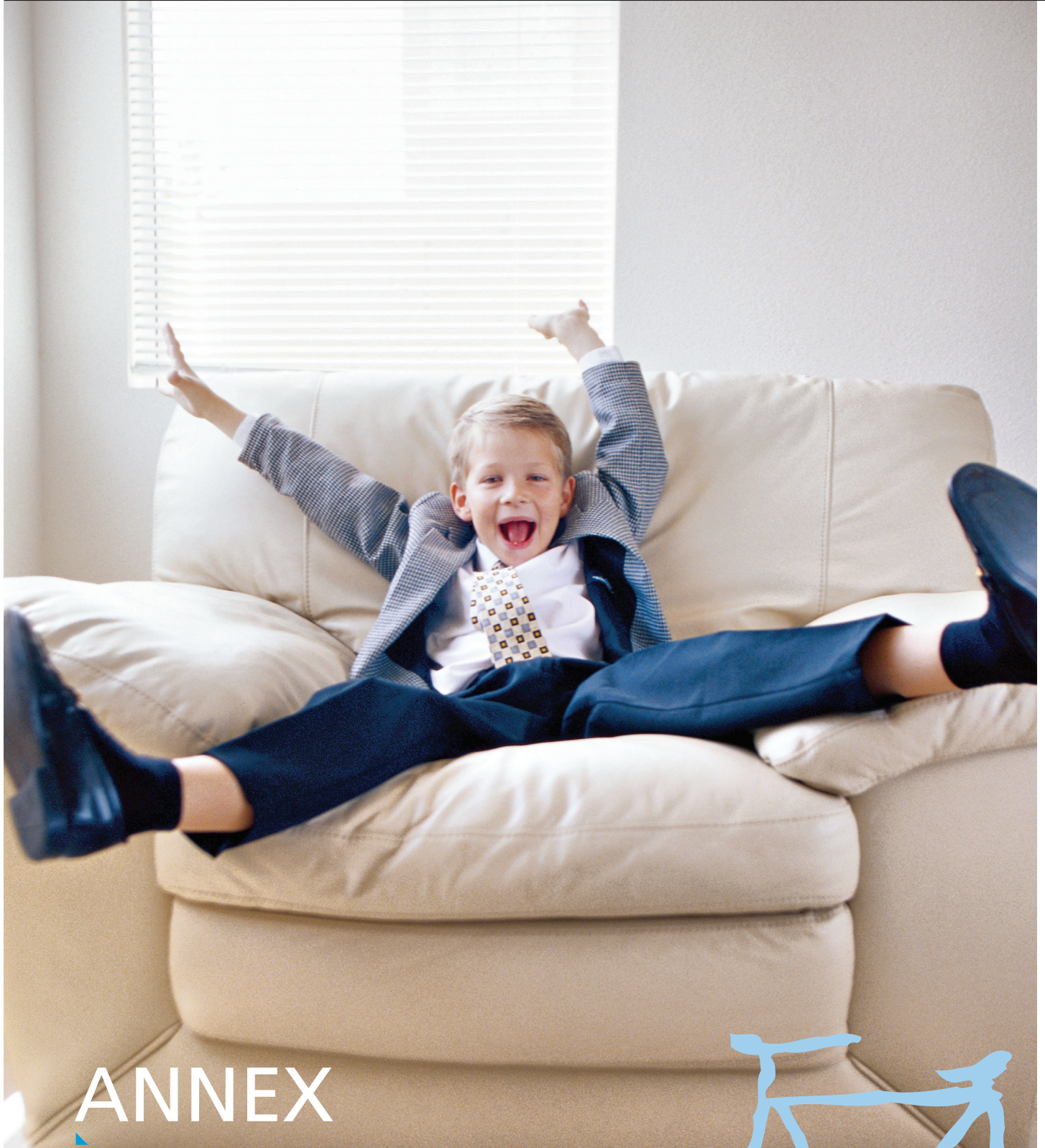
- Markets for sale of electrical energy (facilitation of development of economy of the country as a whole and regions);
- Markets of products and services required for needs of GRES (facilitation of development of the competitive market environment);
- Labor market (maintenance of a worthy level of salary for employees);
- Local finance (payment of taxes to budgets of various levels);
- Education (training of qualified personnel and formation of the personnel reserve for the purpose of ensuring the production by employees);
- Maintenance of social stability (ensuring the occupancy by means of creation of working places at plants and enterprises accomplishing contracting functions, implementation of charitable programs).

AREA OF CORPORATE RESPONSIBILITY

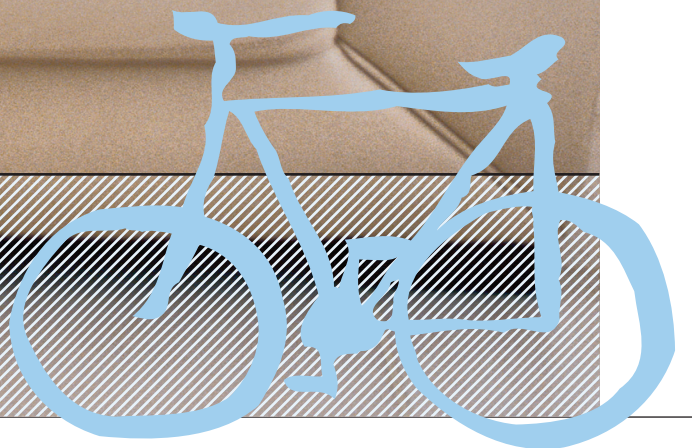
The area of corporate responsibility of OJSC "OGK-2" includes responsibility before shareholders, relations with employees (worthy level of salary, social security, advanced training and ensuring the professional growth), fair corporate conduct, accounting of interests of consumers of products of the

company. OJSC "OGK-2" bears responsibility for observance of labor rights, principles of business ethics. The company builds its activities on the basis of principles of observance of a reasonable balance of interests of shareholders, state, employees, suppliers and consumers, other interested parties. OJSC "OGK-2" determines corporate responsibility by the following areas:

- responsibility before shareholders and investors for achievement and stability of high long-term economic results;
- responsibility before the investment responsibility for timely submission of complete and accurate information about activities of the company, probable risks and measures for reduction thereof;
- responsibility before regions of presence for fair payment of taxes, participation in social and economic development at the local level;
- responsibility before employees for observance of labor rights, ensuring the labor safety, facilitation in discovery of their professional potential;
- responsibility before contractors and suppliers for observance of principles of business ethics, creation of a transparent purchase system.
- OJSC "OGK-2" ensures implementation of principles of corporate responsibility on account of the following:
 - ensuring the balance of interests of the main parties associated with activities of the company;
 - implementation and application of corporate management standards and work with non-financial risks corresponding to expectations of Russian and foreign investors;
 - observance of Russian and international legislation, instructions of regulating authorities of Russia and Great Britain with regards to disclosure of information, business ethics and circulation of securities;
 - aspiration to compliance with international standards in the area of corporate responsibility;
 - using of advanced technologies of management, improvement of management efficiency;
 - improvement of competitiveness of the company on the basis of reduction of costs, implementation of investment programs;
 - implementation of principles of free, honest competition, fair pricing.



ANNEX



ANNEX 1. OBSERVANCE OF THE CODE OF CORPORATE CONDUCT

This report on observance of the Code of corporate conduct has been prepared in accordance with methodological recommendations approved by the Resolution of the Federal Committee for Securities of the 30th of April 2003 No. 03/849

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
GENERAL MEETING OF SHAREHOLDERS			
1	Notification of shareholders on execution of the General Meeting of Shareholders not later than 30 days prior to the date of execution thereof notwithstanding questions included in its agenda unless a longer period is determined by legislation	Observed	According to clause 2.3. of the "Regulations on the procedure for parathion and execution of the General Meeting of Shareholders" of 29.07.2005: "The sole executive body of the Company shall arrange fulfillment of resolution of the Board of Directors of the Company associated with preparation and execution of the General Meeting of Shareholders, in particular, shall ensure notification of shareholders on execution of the General Meeting of Shareholders in accordance with the procedure and within the terms determined by the resolution of the Board of Directors and the Articles of Association of the Company " Clause 11.5. of the Articles of Association of the Company: The notice on execution of the General Meeting of Shareholders not later than 30 (thirty) days prior to the date of execution thereof shall be published by the Company in the newspaper "Rossiyskaya Gazeta"
2	Availability of the possibility for shareholders to familiarize themselves with the list of persons entitled to attend the General Meeting of Shareholders, beginning from the date of notification about execution of the General Meeting of Shareholders and until closure of the intramural General Meeting of Shareholders, and in case of an extramural General Meeting of Shareholders — until the date of termination of acceptance of voting bulletins	Not observed	Article 51 of the Federal Law "On Joint Stock Companies"
3	Availability of the possibility for shareholders to familiarize themselves with information (materials) to be submitted within the framework of preparation for execution of the General Meeting of Shareholders by means of electronic communications including Internet	Observed	Clause 11.7. of the Articles of Association of the Company: "Information (materials) with regards to questions of the agenda of the General Meeting of Shareholders within 20 (twenty) and in case of execution of the General Meeting of Shareholders the agenda of which contains the question on reorganization of the Company within 30 (thirty) days before execution of the General Meeting of Shareholders shall be accessible for persons entitled to attend this General Meeting of Shareholders for familiarization at the premise of the executive body of the Company and other places addresses of which are to be indicated in the notice on execution of the General Meeting of Shareholders. Such information (materials) shall be accessible to persons attending the General Meeting of Shareholders during execution thereof"
4	Availability of the possibility for shareholders to introduce a questions into the agenda of the General Meeting of Shareholders or to require convocation of the General Meeting of Shareholders without provision of an extract from the register of shareholders if accounting of its rights for shares is exercised in the system of maintenance of the register of shareholders, and if its rights for shares are accounted for on the depo account — sufficiency of the statement of the account for execution of the above mentioned rights	Observed	clauses 13.1. and 13.2. of the Articles of Association of the Company "The shareholders (shareholder) of the Company holding in aggregate not less than 2 (two) percent of voting shares in the Company not later than 60 (sixty) days after termination of the financial year may propose questions for the agenda of the annual General Meeting of Shareholders and propose candidates to the Board of Directors and Audit Committee the number of which shall not exceed the quantitative composition of the relevant body. The proposal on introduction of questions into the agenda of the General Meeting of Shareholders and the proposal of candidates shall be submitted in writing with indication of the name of submitting shareholders (shareholder), quantity and category (type) of shares held by them and shall be signed by shareholders (shareholder)".

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
5	Availability in the Articles of Association or internal documents of the joint stock company of the requirement for compulsory presence at the General Meeting of Shareholders of the General Director, members of the Executive Committee, members of the Board of Directors, members of the Audit Committee and the Auditor of the joint stock company	Observed	Clause 5.2.2 of the Code of Corporate Management of the Company approved by the Board of Directors of the Company on 26.09.2006 (Minutes No. 43/43)
6	Compulsory presence of candidates within the framework of consideration at the General Meeting of Shareholders of questions on elections of members of the Board of Directors, General Director, members of the Executive Committee, members of the Audit Committee as well as on the question on approval of the auditor of the joint stock company	Not observed	The mentioned requirements are not provided for in the Articles of Association and internal documents of the Company
7	Availability in internal documents of the joint stock company of the procedure for registration of members of the General Meeting of Shareholders	Observed	Section 3.1. of the Regulations on the General Meeting of Shareholders determine the procedure for registration of persons entitled to attend the General Meeting of Shareholders Clause 3.1.1. of the Regulations on the General Meeting of Shareholders: "3.1.1. Registration of persons entitled to attend the General Meeting of Shareholders shall be exercised by the Counting Committee or another person accomplishing the functions of the counting committee at the location of execution of the meeting " Clause 11.3. of the Articles of Association of the Company: "11.3. Functions of the Counting Board at the General Meeting of Shareholders shall be accomplished by a professional participant of the securities market holding the register of shareholders of the Company (registrar of the Company)"
BOARD OF DIRECTORS			
8	Availability in the Articles of Association of the joint stock company of the power of the Board of Directors for annual approval of the financial and economic plan of the joint stock company	Observed	Clause 15.1.19. of the Articles of Association of the Company, the following questions are related to the competence of the Board of Directors "15.1.19. Approval of the business plan (adjusted business plan) and the report on results of fulfillment thereof as well as approval (adjustment) of control indicators of cash flows (budget) of the Company and/or approval (adjustment) of cash flows (budget flow) of the companies "
9	Availability of the risk management procedure at the joint stock company approved by the Board of Directors		The Company plans development of the risk management policy and development of risk cards for the Company
10	Availability in the Articles of Association of the joint stock company of the right of the Board of Directors to take the decision on suspension of the powers of the General Director appointed by the General Meeting of Shareholders	Observed	Clause 12.1.12., 20.7., 20.8. of the Articles of Association of the Company
11	Availability in the Articles of Association of the joint stock company of the right of the Board of Directors to establish requirements to qualification and amount of consideration of the General Director, members of the Executive Committee, heads of the main structural subdivisions of the joint stock company	Observed	Article 20 of the Articles of Association of the Company
12	Availability in the Articles of Association of the joint stock company of the right of the Board of Directors to approve terms and conditions of contracts with the General Director and members of the Executive Committee	Observed	Article 20 of the Articles of Association of the Company

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
13	Availability in the Articles of Association or internal documents of the joint stock company of the requirements providing that at approval of the terms and conditions of contracts with the General Director (management organization, manager) and members of the Executive Committee votes of members of the Board of Directors being the General Director and members of the Executive Committee shall not be taken into account at counting of votes	Not observed	The mentioned requirements are not provided in the Articles of Association and internal documents of the Company
14	Availability in the Board of Directors of the General Meeting of Shareholders of at least 3 independent directors meeting requirements of the Code of corporate conduct	Observed	3 independent directors are included in the membership of the Board of Directors
15	Absence in the membership of the Board of Directors of the joint stock company of persons who have been recognized guilty in commission of crimes in the area of economic activities or crimes against state authority, interests of state service and service in local authorities or who have been subject to any administrative punishments for legal infringements in the area of entrepreneurial activities or in the area of finance, taxes and duties, securities market	Observed	There are no mentioned persons in the Board of Directors of the Company
16	Absence in the membership of the Board of Directors of the joint stock company of persons who are a member, General Director (manager), member of the management body or employee of a legal entity competing with the joint stock company	Observed	There are no mentioned persons in the Board of Directors of the Company
17	Availability in the Articles of Association of the joint stock company of the request on election of the Board of Directors by means of cumulative voting	Observed	Clause 10.8. of the Articles of Association of the Company: "The General Meeting of Shareholders shall be carried out on the basis of the principle "one voting share — one vote" except for cumulative voting with regards to election of members of the Board of Directors. In case of a cumulative voting the number of votes belonging to each shareholder shall be multiplied by the number of persons which shall be elected to the Board of Directors and the shareholders is entitled to give votes received as such fully for one candidate or distribute the same between two or more candidates. Candidates shall be deemed elected into the Board of Directors if they receive most of votes"
18	Availability in internal documents of the joint stock company of the obligation of the Board of Directors not to execute actions which will lead or potentially may lead to occurrence of any conflict between their interests and interests of the joint stock company and in case of occurrence of such a conflict — the obligation to disclose information about such conflict to the Board of Directors	Observed	Clause 4.1.6 of the Code of Corporate Conduct of the Company approved by the Board of Directors of the Company on 26.09.2006 (Minutes No. 43/43)
19	Availability in internal documents of the joint stock company of the obligation of members of the Board of Directors to notify the Board of Directors in writing on the intention to execute transactions with securities of the joint stock company, members of the Board of Directors in which they act or its subsidiaries (affiliates) as well as to disclose information on transactions with such securities executed by them	Observed	Clause 4.1. of the Regulations on Insider Information of the Company of 23.09.2005
20	Availability in internal documents of the joint stock company of the requirement on execution of meetings of the Board of Directors not less often than once every six weeks	Not observed	Clause 18.2. of the Articles of Association of the Company and clause 5.1. of the Regulations of the Board of Directors provide that meetings of the Board of Directors shall be effected not less than once per quarter

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
21	Execution of meetings of the Board of Directors of the joint stock company within the year over which the report of the joint stock company is executed not less often than once every six weeks	Observed	Over the 2007 accounting year 43 meetings of the Board of Directors of the Company were held with frequency not less than once every four weeks
22	Availability in internal documents of the company of the procedure for execution of meetings of the Board of Directors	Observed	"Regulations on the procedure for convocation and execution of meetings of the Board of Directors of the Company" of 29.07.2005
23	Availability in internal documents of the company of the provision on the necessity for approval by the Board of Directors of transactions of the joint stock company in the amount of 10 and more percent of the value of assets of the company except for transactions executed in the course of ordinary economic activities	Observed	Clause 15.1.37. "b" of the Articles of Association of the Company
24	Availability in internal documents of the company of the right of the member of the Board of Directors for receipt from executive managers of structural subdivisions of the joint stock company of information required for accomplishment of its functions as well as non-provision of such information	Observed	Clause 3.1.1. of the Regulations on the Board of Directors "Members of the Board of Directors within the framework of the competence of the Board of Directors are entitled to receive information about activities of the Company, to get familiar with all constitutive, normative, accounting, reporting, contractual and other documents of the Company in accordance with legislation of the Russian Federation as well as internal documents of the Company " Clause 3.2. of the Regulations on the Board of Directors "A member of the Board of Directors may request in writing documents and information required for adoption of the decision on questions of the competence of the Board of Directors both directly from the General Director (other person accomplishing the functions of the sole executive body of the Company) and through the Secretary of the Board of Directors "
25	Availability of the committee of the Board of Directors for strategic planning or imposition of the functions of the above mentioned committee on another committee (except for the audit committee and the committee for personnel and remuneration)	Observed	On the basis of the resolution of the Board of Directors of the Company of 28.11.2006 (Minutes No. 49/49) the Committee of the Board of Directors of the Company for Strategy was created.
26	Availability of the committee of the Board of Directors (audit committee) which shall recommend to the Board of Directors of the auditor of the joint stock company and interacts with it and the audit committee of the joint stock company	Observed	On the basis of the resolution of the Board of Directors of the Company of 28.11.2006 (Minutes No. 49/49) the Audit Committee of the Board of Directors of the Company was created.
27	Availability in the composition of the audit committee of only independent and non-executive directors	Observed	In the Audit Committee of the Board of Directors of the Company all members are independent directors
28	Execution of management of the audit committee by an independent director	Observed	Management of the Audit Committee of the Board of Directors of the Company is exercised by an independent director
29	Availability in internal documents of the company of the right of access of all the members of the audit committee to any documents and information of the joint stock company subject to non-disclosure of confidential information by them	Observed	Chapter 4 of the Regulations on the Audit Committee of the Board of Directors of the Company approved by resolution of the Board of Directors of the Company of 28.11.2006 (Minutes No. 49/49)
30	Creation of the committee of the Board of Directors (committee for personnel and remuneration) the function of which consists in determination of criteria of selection of candidates to members of the Board of Directors and development of the policy of the joint stock company in the area of consideration	Observed	On the basis of the resolution of the Board of Directors of the Company of 06.08.2007 (Minutes No. 79/79) the Committee of the Board of Directors of the Company for Personnel and Remuneration was created.
31	Execution of management of the committee for personnel and remuneration by an independent director	Observed	Management of the committee for personnel and remuneration is exercised by an independent director

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
32	Absence of officials of the joint stock company in the membership of the committee for personnel and remuneration	Observed	There are no officials of the joint stock company in the membership of the committee for personnel and remuneration
33	Creation of the risk committee of the board of directors or imposition of the functions of the above mentioned committee on another committee (except for the audit committee and the committee for personnel and remuneration)	Not observed	Article 19 of the Articles of Association of the Company provides for the possibility of creation by the Board of Directors of committees for development of questions included in the area of competence of the Board of Directors or investigated by the Board of Directors in accordance with the procedure of control over activities of the executive body of the Company and development of necessary recommendations for the Board of Directors and the executive body of the Company At present the Company considers the possibility for creation of the Risk Committee of the Board of Directors of the Company
34	Creation of the committee of the Board of Directors for settlement of corporate conflicts or imposition of the functions of the above mentioned committee on another committee (except for the audit committee and the committee for personnel and remuneration)	Not observed	Article 19 of the Articles of Association of the Company provides for the possibility of creation by the Board of Directors of committees for development of questions included in the area of competence of the Board of Directors or investigated by the Board of Directors in accordance with the procedure of control over activities of the executive body of the Company and development of necessary recommendations for the Board of Directors and the executive body of the Company At present the Company considers the possibility for creation of the Committee of the Board of Directors of the Company for settlement of corporate conflicts
35	Absence of officials of the joint stock company in the membership of the committee for settlement of corporate conflicts	Not observed	No Committee for settlement of corporate conflicts of officials of joint stock companies at the Company has been created
36	Execution of management of the committee for settlement of corporate conflicts	Not observed	No Committee for settlement of corporate conflicts of officials of joint stock companies at the Company has been created
37	Availability of internal documents of the joint stock company approved by the Board of Directors providing for the procedure for formation and work of committees of the Board of Directors	Observed	<p>The following committees are currently acting at the Company:</p> <ol style="list-style-type: none"> 1. Reliability Committee of the Board of Directors of the Company, 2. Strategy Committee of the Board of Directors of the Company, 3. Audit Committee of the Board of Directors of the Company, 4. Assessment Committee of the Board of Directors of the Company, 5. Committee of the Board of Directors of the Company for Personnel and Remuneration <p>Procedure for formation and operation of Committees are regulated by the following:</p> <ol style="list-style-type: none"> 1. Regulations on the Reliability Committee of the Board of Directors of the Company 30.11.2005 (Minutes No. 15/15 of 30.11.2005), 2. Regulations on the Strategy Committee of the Board of Directors of the Company (Minutes No. 49/49 of 28.11.2006), 3. Regulations on the Audit Committee of the Board of Directors of the Company (Minutes No. 49/49 of 28.11.2006), 4. Regulations on the Assessment Committee of the Board of Directors of the Company (Minutes No. 49/49 of 28.11.2006), 5. Regulations on the Committee of the Board of Directors of the Company for Personnel and Remuneration (Minutes No. 79/79 of 06.08.2007)

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
38	Availability in the Articles of Association of the joint stock company of the procedure for determination of the quorum of the Board of Directors permitting to ensure compulsory participation of independent directors at the meetings of the Board of Directors	Observed	Clause 18.11. of the Articles of Association of the Company
EXECUTIVE BODIES			
39	Availability of the collegial executive body (executive committee) of the joint stock company	Observed	The executive committee of the Company is created (Instruction of OJSC RAO "UES of Russia of 04.03.2005 No. 35r)
40	Availability in the Articles of Association or internal documents of the joint stock company of the provision on the necessity of approval by the executive committee of transactions with real estate, obtainment by the joint stock company of credits unless the above mentioned transactions relate to major transactions and execution thereof does not relate to ordinary business activities of the joint stock company	Observed	Clause 21.1.4. of the Articles of Association of the Company: Adoption of resolutions on conclusion of transactions the subject of which is presented by property, works and services the value of which amounts to 1 to 10 percent of the balance sheet value of assets of the Company determined as of the date of adoption of the resolution on conclusion of the transaction (taking into account sub clause 37 clause 15.1 of these Articles of Association)
41	Availability in internal documents of the joint stock company of the procedure for agreement upon transactions going beyond the limits of the financial and economic plan of the joint stock company	Observed	Clause 15.1.19 of the Articles of Association of the Company
42	Absence in the membership of the executive bodies of persons who are a member, General Director (manager), member of the management body or employee of a legal entity competing with the joint stock company	Observed	Clause 20.6. of the Articles of Association of the Company prescribed that "Joining by the General Director and members of the Executive Committee of positions in management bodies of other organizations as well as other payable positions in other organizations may be permitted only subject to consent of the Board of Directors of the Company"
43	Absence in the membership of the executive bodies of the joint stock company of persons who have been recognized guilty in commission of crimes in the area of economic activities or crimes against state authority, interests of state service and service in local authorities or who have been subject to any administrative punishments for legal infringements in the area of entrepreneurial activities or in the area of finance, taxes and duties, securities market. If the functions of the sole executive body are accomplished by a management organization or a manager — compliance of the General Director and members of the Executive Committee of the management organization or the manager with requirements submitted to the General Director and the members of the executive committee of the joint stock company	Observed	Internal documents of the Company do not contain any provisions which would establish the above listed restrictions against persons being members of the executive bodies of the Company
44	Availability in the Articles of Association or internal documents of the joint stock company of the restriction against the management organization (manager) to accomplish similar functions at a competing company and to be in any property relations with the joint stock company except for provision of services of the management organization (manager)	Not observed	Functions of the sole executive body of the Company have not been delegated to any management organization
45	Availability in internal documents of the joint stock company of the obligation of the executive bodies not to execute actions which will lead or potentially may lead to occurrence of any conflict between their interests and interests of the joint stock company and in case of occurrence of such a conflict — the obligation to disclose information about such conflict to the Board of Directors	Not observed	Internal documents of the Company do not contain wording of such obligations

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
46	Availability in the Articles of Association or internal documents of the joint stock company of criteria of selection of the management organization (manager)	Not observed	No selection criteria are determined by the Articles of Association of the Company
47	Submission by the executive bodies of the joint stock company of monthly reports on their work to the Board of Directors	Observed	In accordance with the established practice of corporate management the General Director shall monthly report on executed work by various directions of activities of the Company including fulfillment of instructions of the Board of Directors
48	Establishment in contracts concluded by the joint stock company with the General Director (management organization, manager) and members of the executive committee of liability for violation of provisions on use of confidential and service information	Observed	Clause 20.12. of the Articles of Association of the Company "The General Director, members of the Executive Committee of the Company and the person acting as the General Director as well as the management organization (manager) shall bear liability before the Company for losses caused to the Company by their guilty actions (omissions) unless other grounds and amount of liability are established by federal laws." Section 5 of the Regulations on insider
49	Availability at the joint stock company of a special official (secretary of the company) the task of whom consists in ensuring the observance by bodies and officials of the joint stock company of procedural requirements guaranteeing realization of rights and legal interests of shareholders of the company	Observed	Article 4 of the Regulations on the Board of Directors "Secretary of the Board of Directors" In particular, in accordance with clause 4.2.9. of the Regulations on the Board of Directors the Secretary of the Board of Directors shall be responsible for "organization of control over progress of fulfillment of resolutions of the Board of Directors and the General Meeting of Shareholders"
50	Availability in the Articles of Association or internal documents of the joint stock company of the procedure for appointment (election) of the secretary of the company and duties of the company's secretary	Observed	Clauses 4.2, 4.3, 4.4 of the Regulations on the Board of Directors
51	Availability in the Articles of Association of the joint stock company of requirements to the candidate of the company's secretary		These requirements are not determined by the Articles of Association
52	Availability in the Articles of Association or internal documents of the joint stock company of the requirements on approval of a major transaction before execution thereof	Observed	Clause 15.1.24. of the Articles of Association of the Company
53	Compulsory engagement of an independent appraiser for appraisal of the market value of property representing the subject of the major transaction	Observed	In accordance with the established practice of corporate management all transactions with property are executed with engagement of an independent appraiser
54	Availability in the Articles of Association of the joint stock company of the restriction of acceptance within the framework of acquisition of large stock of shares in the joint stock company (acquisition) of any actions aimed at protection of interests of the executive bodies (members of such bodies) and members of the Board of Directors of the joint stock company as well as actions affecting position of shareholders in comparison with the existing position (in particular, restriction of adoption by the Board of Directors before termination of the proposed term of acquisition of shares of the resolution on issue of additional shares, on issue of securities convertible into shares or securities providing the right for acquisition of shares in the company even if the right for adoption of such resolution is granted thereto by the Articles of Association)	Not observed	These requirements are not determined by the Articles of Association

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
55	Availability in the Articles of Association of the joint stock company of the requirement for compulsory engagement of an independent appraiser for appraisal of the current market value of shares and probable change in the market value thereof as a result of the acquisition	Not observed	There is no such requirement in the Articles of Association of the Company however
56	Absence in the Articles of Association of the joint stock company of the exemption of the acquirer from the obligation to offer to shareholders to sell their ordinary shares in the company (equity securities convertible into ordinary shares) in case of acquisition	Observed	There is no such right in the Articles of Association of the Company
57	Availability in the Articles of Association or internal documents of the joint stock company of the requirement on compulsory engagement of an independent appraiser for determination of relation of conversion of shares in case of reorganization	Not observed	There is no such requirement in the Articles of Association of the Company
DISCLOSURE OF INFORMATION			
58	Availability of the document approved by the Board of Directors determining rules and approaches of the joint stock company to disclosure of information (Regulations on the information policy)	Observed	The resolution of the Board of Directors of the Company of 26.09.2006 (Minutes No. 43/43) approved the Regulations on the information policy of the Company.
59	Availability in internal documents of the joint stock company of the requirements for disclosure of information on purposes of placement of shares, on persons intending to acquire placed shares including a large stock of shares, and whether senior officials of the joint stock company will participate in acquisition of placed shares of the company	Not observed	Not provided for by the Articles of Association of the Company
60	Availability in internal documents of the joint stock company of the list of information, documents and materials to be submitted to shareholders for resolution of questions submitted to the General Meeting of Shareholders	Observed	The Board of Directors of the Company for each General Meeting of Shareholders approve the list of information, documents and materials to be submitted to shareholders
61	Availability at the joint stock company of a web site in Internet and regular disclosure of information about the joint stock company on that web site	Observed	Address of the web site of the Company: http://www.ogk2.ru/index.wbp
62	Availability in internal documents of the joint stock company of the requirement on disclosure of information about transactions of the joint stock company with persons related in accordance with the Articles of Association to senior officials of the joint stock company as well as on transactions of the joint stock company with organizations where senior officials of the joint stock company hold directly or indirectly 20 and more percent of the authorized capital stock of the joint stock company of which may be otherwise significantly influenced by such persons	Observed	Regulations on insider information of the Company of 23.09.2005
63	Availability in internal documents of the joint stock company of the requirement on disclosure of information about all the transactions which may influence the market value of shares of the joint stock company	Observed	Clause 5.2.10 of the Regulations on insider information of the Company, approved by the Board of Directors of the Company on 26.09.2006 (Minutes No. 43/43)
64	Availability of an internal document approved by the Board of Directors for use of essential information about activities of the joint stock company, shares and other securities of the company and transactions therewith which is not public and disclosure of which may significantly influence the market value of shares and other securities of the joint stock company	Observed	Regulations on insider information of the Company of 23.09.2005

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
CONTROL OVER FINANCIAL AND ECONOMIC ACTIVITIES			
65	Availability of procedures approved by the Board of Directors for internal control over financial and economic activities of the joint stock company	Observed	Regulations on the procedure for execution of internal control over financial and economic activities of the Company approved by the Board of Directors on 23.01.2007 (Minutes No. 54/54)
66	Availability of a special subdivision of the joint stock company ensuring observance of internal control procedures (control and audit service)	Observed	The structure of the Company contains the Department for Internal Audit and Financial Control tasks of which consists in execution of audits in the area of corporate management and capital management, accounting and tax accounting and reporting, economy, procurement, financial area, production area
67	Availability in internal documents of the joint stock company of the requirement determination of structure and composition of the control and audit service of the joint stock company	Observed	Regulations on the Department for Internal Audit and Financial Control approved by the Board of Directors of the Company on 06.07.2007 (Minutes No. 75/75 of 09.07.2007)
68	Absence in the membership of the control and audit service of the joint stock company of persons who have been recognized guilty in commission of crimes in the area of economic activities or crimes against state authority, interests of state service and service in local authorities or who have been subject to any administrative punishments for legal infringements in the area of entrepreneurial activities or in the area of finance, taxes and duties, securities market	Observed	Recommendations are observed however the Articles of Association and/or internal documents of the Company do not contain requirements which would established such restrictions for employees of the Department for Internal Audit and Financial Control
69	Absence in the membership of the control and audit service of persons being members if executive bodies of the joint stock company as well as persons who are a member, General Director (manager), member of the management body or employee of a legal entity competing with the joint stock company	Observed	There are not such persons at the among employees of the Department for Internal Audit and Financial Control
70	Availability in internal documents of the joint stock company of the term for submission to the control and audit service of documents and materials for assessment of executed financial and economic transaction as well as responsibility of officials and employees of the joint stock company for failure to submit the same within the stipulated term	Not observed	No term if established
71	Availability in internal documents of the joint stock company of the obligation of the control and audit service to inform on revealed violations the audit committee and in the absence thereof — to the Board of Directors of the joint stock company	Not observed	The obligation on provision of information on revealed violations to the audit committee and in the absence thereof — to the Board of Directors of the joint stock company is absent
72	Availability in internal documents of the joint stock company of the requirement for preliminary assessment by the control and audit service of advisability of execution of transactions not prescribed by the financial and economic plan of the joint stock company (non-standard transactions)	Not observed	This requirement is not prescribed by the Articles of Association of the Company
73	Availability in internal documents of the joint stock company of the procedure for agreement upon a non-standard transaction with the Board of Directors	Observed	Clause 15.1.22. of the Articles of Association of the Company, the competence of the Board of Directors shall include the following “adoption of decisions on execution by the Company of one or several interrelated transactions for alienation, transfer for pledge or other encumbrance of shares in other organizations not exercising production, transfer, dispatching, distribution and sale of electric and heat energy, repair and service types of activities if the market value of shares being the subject of a transaction determined in accordance with the conclusion of an independent appraiser exceeds 30 million rubles and in other cases (amounts) determined by individual decisions of the Board of Directors of the Company”

N	Provision of the Code of Corporate Conduct	Observed or not observed	Comment
74	Availability of a document approved by the Board of Directors determining the procedure for execution of audits of financial and economic activities of the joint stock company by the audit committee	Observed	"Regulations on the audit committee" of 29.07.2005"
75	Execution by the audit committee of assessment of the audit report before submission thereof to shareholders at the General Meeting of Shareholders	Observed	Chapter 3. Regulations on the Audit Committee of the Board of Directors of the Company
DIVIDENDS			
76	Availability of an internal document approved by the Board of Directors guiding the Board of Directors within the framework adoption of recommendations on amount of dividends (Regulations on the dividend policy)	Observed	Regulations on the dividend policy are approved by the Board of Directors of the Company on 11.04.2008 (Minutes No. 106/106).
77	Availability in the Regulations on the dividend policy of the procedure for determination of the minimum share of net profit of the joint stock company directed at payment of dividends and conditions at which dividends shall not be paid or shall not be paid in full on preferred shares, amount of dividends on which is determined in the Articles of Association of the joint stock company	Not observed	Such a procedure is not stipulated in the Regulations on the dividend policy
78	Publication of data on the dividend policy of the company and amendments made thereto in a periodical publication prescribed by the Articles of Association of the joint stock company for publication of notices on execution of General Meetings of Shareholders as well as placement of such data in the web site of the joint stock company in Internet	Observed	Regulations on the dividend policy of the Company is published in the site

ANNEX 2. FORMS NO. 1'S OF ACCOUNTING STATEMENTS

THE BALANCE SHEET OF THE COMPANY AS OF THE 31ST OF DECEMBER 2007

ASSET	Code	As of the beginning of the accounting period	As of the end of the accounting period
I. NON-CURRENT ASSETS			
Intangible assets including:	110	4 114	—
Fixed assets including:	120	8 959 653	9 354 353
Construction in progress including:	130	1 047 717	1 555 215
Income-bearing investments into material valuables including:	135	7 224	7 144
Long-term financial investments including:	140	26 549	2 129 940
Deferred tax assets	148	159 909	84 163
Other non-current assets	150	294 747	1 386 080
Total section I	190	10 499 913	14 516 895
II. CURRENT ASSETS			
Stocks including:	210	2 066 714	2 223 783
Raw materials, materials and other similar valuables	211	1 993 147	2 163 161
Finished goods and goods for resale	214	9 317	276
Deferred expenses	216	64 250	60 346
Value added tax on acquired valuables including:	220	78 171	48 303
Receivables (payments under which are expected more than in 12 months after the accounting date), including:	230	418 938	2 535 002
Buyers and customers:	231	213 377	187 151
Receivables (payments under which are expected within 12 months after the accounting date), including:	240	2 297 894	2 471 749
Buyers and customers:	241	717 844	734 940
Short-term financial investments including:	250	541 542	20 102 766
Cash	260	1 172 335	1 576 832
Total section II	290	6 575 594	28 958 435
BALANCE (sum of lines 190+290)	300	17 075 507	43 475 330

CERTIFICATE OF AVAILABILITY OF VALUABLES ACCOUNTED FOR ON OFF-BALANCE ACCOUNTS

Name of the indicator	Line code	As of the beginning of the accounting period	As of the end of the accounting period
Leased fixed assets	910	1 868 440	3 439 204
Including leasing	911	253 449	247 519
Written-off receivables from insolvent debtors	940	1 257 600	1 212 717
Security of liabilities and payments received	950	24 608	73 099
Security of liabilities and payments granted	960	146 963	119 821
Wear of housing stock	940	1 058	1 012

FORM NO. 2 "PROFIT AND LOSS ACCOUNT OVER 12 MONTHS OF 2007"

Name of the indicator	Line code	Over the accounting period	Over the similar period of the previous year
INCOMES AND EXPENSES ASSOCIATED WITH ORDINARY TYPES OF ACTIVITIES	010	33 759 235	8 258 966
Revenue (net) from sale of goods, products works, services (less value added tax, excises and other similar compulsory payments)			
Production cost of sold goods, products, works, services	020	(32 639 783)	(7 407 405)
Gross profit	029	1 119 452	851 561
Profit (loss) from sales	050	1 119 452	851 561
OTHER INCOMES AND EXPENSES			
Interest receivable	060	303 033	1 835
Interest payable	070	(437 081)	(94 101)
Other incomes	090	7 170 825	43 240
Other expenses	100	(7 730 395)	(394 686)
Profit (loss) before tax	140	425 834	407 849
Deferred tax assets	143	(75 746)	18 496
Deferred tax liabilities	144	2 873	(63 752)
Current profit tax	145	(326 478)	(83 038)
Other similar compulsory payments	146	12 801	(133 020)
Net profit (retained earnings (loss) of the accounting period	19010	39 284	146 535
FOR REFERENCE			
Permanent tax liabilities (assets)	200	297 151	30 410
Basic profit (loss) per share	201	0,0014	0,0075
Diluted profit (loss) per share	202	—	—

DETAILING OF SEPARATE PROFITS AND LOSSES

Name of the indicator	Line code	Over the accounting period	Over the similar period of the previous year
Fines, penalties recognized or over which decisions of the court (arbitration court) are obtained for collection thereof profit			
profit	210	25 647	2 393
loss	211	2 453	51
Profit (loss) of previous years			
profit	220	12 254	(44 772)
loss	221	(39 749)	53 496
Exchange differences from transactions in foreign exchange			
profit	240	24 171	123
loss	241	32 385	47
Deductions in evaluation reserves			
loss	250	—	189 362
Writing off of receivables and payables with expired limitation period			
profit	260	1 203	1 903
loss	261	2 947	—

I. CAPITAL FLOW

FORM NO. 3 "CAPITAL FLOW STATEMENT IN 2007"

Indicator						
Name of the indicator	Line code	Authorized capital stock	Additional capital	Reserve capital	Retailed profit (uncovered loss)	Total
Balance as of the 31st of December of the year preceding the previous year 2006	010	10 769 804	—	—	2 304 948	13 074 752
Balance as of the 1st of January of the year preceding the previous year	020	10 769 804	—	—	2 304 948	13 074 752
Net profit	025	x	x	x	146 535	146 535
Dividends	026	x	x	x	(217 068)	(217 068)
Deductions to the reserve fund	030	x	x	118 621	(118 621)	—
Increase of the amount of the capital on account of the following:	040	15 711 092	2 085 965	51 412	(21 273 413)	(3 424 944)
Additional issue of shares	041	14 547 266	1 818 408	x	x	16 365 674
Reorganization of the legal entity	043	1 163 826	267 557	51 412	(21 273 420)	(19 790 625)
Other	044	—	—	—	7	7
Reduction of the amount of the capital on account of the following:	050	—	(7)	—	—	(7)
Other	054	—	(7)	—	—	(7)
Balance as of the 31st of December of the year preceding the previous year 2007 (accounting year)	060	26 480 896	2 085 958	170 033	(19 157 619)	9 579 268
Balance as of the 1st of January of the year preceding the previous year	100	26 480 896	2 085 958	170 033	(19 157 619)	9 579 268
Net profit	105	x	x	x	39 284	39 284
Dividends	106	x	x	x	(90 001)	(90 001)
Deductions to the reserve fund	110	x	x	7 339	(7 339)	—
Increase of the amount of the capital on account of the following:	120	2 267 610	22 699 498	—	303	24 967 411
Additional issue of shares	121	2 267 610	22 699 498	x	x	24 967 108
Other	124	—	—	—	303	303
Reduction of the amount of the capital on account of the following:	130	(16876275)	(303)	—	16 876 275	(303)
Reduction of the nominal value of shares	131	(16876275)	x	x	16 876 275	—
Other	134	—	(303)	—	16 876 578	(303)
Balance as of the 31st of December of the year preceding the previous year	140	11 872 231	24785153	177 372	(2 339 097)	34 495 659

II. RESERVES

Indicator					
Name	Code	Balance	Received	Used	Balance
Reserves formed in accordance with legislation					
Data of the previous year	150	—	170 033	—	170 033
Data of the accounting year	151	170 033	7 339	—	177 372
Estimated reserves:					
Doubtful loan reserve					
Data of the previous year	160	—	189 362	—	189 362
Data of the accounting year	161	189 362	—	(20 937)	168 425

REFERENCE

Indicator			
Name	Code	Balance as of the beginning of the year	Balance as of the end of the year
Net assets	200	9 605 090	34 503 664

FORM NO. 4 CASH FLOW STATEMENT IN 2007

Indicator Name	Code	Over the accounting period	Over the similar period of the previous year
Balance of cash as of the beginning of the accounting period	010	1 172 335	3 948
Cash flow associated with current activities			
Funds received from buyers, customers	020	39 879 446	9 671 153
Funds received in the course of reorganization	050	—	597 195
Other incomes	060	965 849	114 395
Funds directed for: Payment for purchased goods, works, services, raw and other materials and other current assets	150	(35 361 947)	(9 349 294)
For labor remuneration	160	(1 513 176)	(525 014)
For payment of dividends, interest	170	(406 110)	(302 071)
For settlements over taxes and duties	180	(2 250 236)	(643 179)
For settlement under the option program	185	(709 689)	—
For other expenses	190	(2 991 047)	(39 490)
Net cash from current activities	200	(2 386 910)	(476 305)
Cash flow associated with investment activities			
Revenues from sale of fixed assets and other non-current assets	210	2 310	8 299
Revenues from sale of securities and other financial investments	22	3 114 500	—
Dividends received	230	—	297 014
Interest received	240	221 365	1 835
Acquisition of subsidiaries	280	—	(478)
Acquisition of fixed assets, income-bearing investments and intangible assets	290	(1 565 950)	(591 233)
Acquisition of securities and other financial investments	300	(24 700 000)	(2 628)
Loans provided to other organizations	310	(12 500)	—
Net cash from investment activities	340	(22 940 275)	(287 191)
Cash flow associated with financial activities			
Receipts from issue of shares or other share securities	350	24 870 085	—
Receipts from loans and credits provided by other organizations	360	10 949 050	4 602 925
Repayment of loans and credits (without interest)	390	(9 932 725)	(2 630 000)
Repayment of liabilities associated with financial leasing	400	(132 792)	(41 042)
Other expenses	405	(21 936)	—
Net cash from financial activities	410	25 731 682	1 931 883
Net increase (decrease) of cash and cash equivalents	420	404 497	1 168 387
Balance of cash as of the end of the accounting period	430	1 576 832	1 172 335
Value of influence of fluctuation of foreign exchange rate in relation to rubles	440	2 102	—

FORM NO. 5 ANNEX TO THE BALANCE SHEET IN 2007

Indicator Name	Code	Availability as of the beginning of the accounting period	Received	Retired	Availability as of the end of the accounting period
Other	040	4 114	—	(4 114)	—
TOTAL:	045	4 114	—	(4 114)	—

FIXED ASSETS

Indicator Name	Code	Availability as of the beginning of the accounting period	Received	Retired	Availability as of the end of the accounting period
Buildings	110	4 833 939	40 216	(8 043)	4 866 112
Structures and transferring devices	111	2 001 755	68 287	—	2 070 042
Machines and equipment	112	2 233 867	914 253	(870)	3 147 250
Transport vehicles	113	28 405	7 226	(317)	35 314
Production and household inventories	114	25 281	10 525	(70)	35 736
Multi-year plants	117	7 842	(6 756)	—	1 086
Other types of fixed assets	118	1 903	(322)	(4)	1 577
Total	130	9 132 992	1 033 429	(9 304)	10 157 117

Indicator Name	Code	Availability as of the beginning of the accounting period	Availability as of the end of the accounting period
Depreciation of fixed assets — total	140	173 339	802 764
including:			
Buildings and structures	141	65 385	295 405
Machines, equipment, transport vehicles	142	104 680	496 432
Other	143	3 274	10 927
Fixed assets transferred for lease — total	150	220 043	167 555
including:			
Buildings	151	161 352	148 869
Structures	156	18 259	6 738
Machines, equipment, transport vehicles	152	39 876	11 324
Other	153	556	624
Fixed assets transferred for conservation	155	1 700	1 700
Fixed assets received from lease — total	160	1 868 440	3 439 204
including:			
Buildings and structures	161	190 643	329 844
Machines, equipment, transport vehicles	162	258 394	248 646
Other	163	1 419 403	2 860 714
For reference			
Variation of the cost of fixed assets as a result of additional construction, additional equipment, reconstruction, partial liquidation	180	256 206	387 072

INCOME-BEARING INVESTMENTS IN MATERIAL VALUABLES

Indicator Name	Code	Availability as of the beginning of the accounting period	Received	Retired	Availability as of the end of the accounting period
Other	230	7 245	—	—	7 245
Total	240	7 245	—	—	7 245
Depreciation of income-bearing investments into material valuables	250	21		101	

EXPENSES ASSOCIATED WITH SCIENTIFIC AND RESEARCH, EXPERIMENTAL AND DESIGN AND TECHNOLOGICAL WORKS

Types of works	Code	Availability as of the beginning of the accounting period	Received	Written-off	Availability as of the end of the accounting period
Name					
Total	310	4 114	300	(2 794)	1 620
including:					
Technological works for determination of greenhouse emissions	311	1 412	—	(466)	946
Investigation of operation modes under sliding pressure of the boiler TGM-314A at combustion of fuel oil	312	787	—	(410)	377
Other	313	1 915	300	(1 918)	297
			Code	Availability as of the beginning of the accounting period	Availability as of the end of the accounting period
For reference			320	950	650
Amount of expenses associated with incomplete scientific research, experimental design and technological works					
Amount of expenses for scientific research, experimental design and technological works without favorable results, related to other expenses			330	—	—

FINANCIAL INVESTMENTS

Indicator		Long-term		Short-term	
Name	Code	Availability as of the beginning of the accounting period	Availability as of the end of the accounting period	Availability as of the beginning of the accounting period	Availability as of the end of the accounting period
Contributions into authorized (reserve) capital of other organizations — total	510	26 549	16 124	—	—
Including capital of subsidiaries and affiliates	511	26 549	16 124	—	—
State and municipal securities	515	—	—	—	—
Securities of other organizations — total	520	—	—	41 542	14
Including debt securities (bonds, notes)	521	—	—	41 542	14
Loans extended	525	—	12 500	—	—
Deposits	530	—	2 101 316	500 000	20 102 752
Other	535	—	—	—	—
Total	540	26 549	2 129 940	541 542	20 102 766

RECEIVABLES AND PAYABLES

Indicator Name	Code	Balance as of the beginning of the accounting period	Balance as of the end of the accounting period
Receivables:			
Short-term — total	610	2 297 894	2 471 749
including:			
settlements with buyers and customers	611	717 844	734 940
Advances extended	612	814 575	1 324 236
other	613	765 475	412 573
Long-term — total	620	418 938	2 535 002
including:			
settlements with buyers and customers	621	213 377	187 151
Advances extended	622	—	—
other	623	205 561	2 347 851
Total	630	2 716 832	5 006 751
Payables:			
Short-term — total	640	4 611 336	3 663 510
including:			
settlements with suppliers and contractors	641	957 151	1 466 063
Advances received	642	20 646	5 767
Settlements associated with taxes and duties	643	236 826	268 557
Credits	644	2 921 725	1 600 000
Loans	645	—	—
Other	646	474 988	323 123
Long-term — total	650	2 661 000	5 188 800
including:			
Credits	653	2 661 000	—
Loans	654	—	5 188 800
Total	660	7 272 336	8 852 310

EXPENSES ASSOCIATED WITH ORDINARY TYPES OF ACTIVITIES (BY COST ITEMS)

Indicator Name	Code	Over the accounting period	Over the similar period of the previous year
Costs associated with labor remuneration	710	24 981 615	5 394 215
Затраты на оплату труда	720	1 671 172	603 946
Social security deductions	730	144 076	60 081
Depreciation	740	621 556	167 658
Other costs	750	5 221 364	1 181 505
Total cost items	760	32 639 783	7 407 405
Variation of balances (increase [+], decrease [-]): of deferred expenses	766	1 187 783	256 533

SECURITIES

Indicator		Balance as of the beginning of the	Balance as of the end of the
Name	Code	accounting period	accounting period
Received — total	810	24 608	73 099
Paid — total	830	555 976	119 821
Property transferred for pledge	840	409 013	—
including:	843	409 813	—
Other			

ANNEX 3. AUDIT REPORT OF THE COMPANY

The text below is the audit report of the company CJSC "PricewaterhouseCoopers Audit" following the results of the executed audit of the financial (accounting) statements of Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy" (the Company) over the period from the 1st of January 2007 to the 31st of December 2007 inclusively. This Annual Report does not include full accounting statements.

Therefore, all referenced in the audit report to "attached financial (accounting) statements" and information in the Executive Summary to the accounting statements related to documents not presented in the Annual Report. This Audit Report is applicable only to financial (accounting) statements of Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy" (the Company) over the period from the 1st of January 2007 to the 31st of December 2007 including the Executive Summary to the accounting statements. Counterparts of these documents may be received at the Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy".



Closed Joint Stock Company
"PricewaterhouseCoopers"
(CJSC "PwC Audit")
115054, Moscow
52 Kosmodamianskaya Nab., building 5
Tel.: +7 (495) 967 60000
Fax: +7 (495) 967 6001

AUDIT REPORT
on financial (accounting) statements

To: shareholders of the Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy":

The Auditor:

Closed Joint Stock Company "PricewaterhouseCoopers Audit" (CJSC "PwC Audit").

Certificate of state registration of the joint stock company No. 008.890 is issued by the Moscow Registration Chamber on the 28th of February 1992.

The certificate of introduction of the record into the Unified State Register of Legal Entities on the legal entity registered before the 1st of July 2002 under No. 1027700148431 of the 22nd of August 2002 is issued by Interdistrict Inspectorate of the Ministry of Taxation of Russian No. 39 for the city of Moscow

License for execution of audit No. E000376 was issued by the Ministry of Finance of the Russian Federation on the 20th of May 2002. The license is valid until the 20th of May 2012

The audited entity.

Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy" (abbreviated name — OJSC "OGK-2").

The Russian Federation, the Stavropol Region, Izobilnensky District, Solnechnodolsk Village.

Certificate of state registration of the legal entity under No. 1052600002180 is issued by Inspectorate of the Federal Tax Service for the Izobilnensky District of the Stavropol Region on the 9th of March 2005



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THE AUDIT REPORT
 on financial (accounting) statements

of the Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy"

To: shareholders of the Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy"

1. We have carried out the audit of the attached financial (accounting) statements of Open Joint Stock Company "The Second Generating Company of the Wholesale Market of Electrical Energy" (hereinafter referred to as the "Company") over the period from the 1st of January 2007 to the 31st of December 2007 inclusively. The financial (accounting) statements of the Company consists of the balance sheet, profit and loss account, capital flow statement, cash flow statement, attachments to the balance sheet, executive summary (all statements are collectively hereinafter referred to as the "Financial (accounting) statements"). Financial (accounting) statements have been prepared by the management of the Company on the basis of legislation of the Russian Federation with regards to preparation of financial (accounting) statements. Statements prepared on the basis of the above mentioned legislation significantly differ from statements executed in accordance with the International Financial Reporting Standards.

2. Responsibility for preparation and submission of financial (accounting) statements is borne by the executive body of the Company. Our responsibility consists in expression of our opinion on accuracy in all material aspects of these financial (accounting) statements as well as compliance of the procedure of accounting with legislation of the Russian Federation on the basis of the executed audit.

3. We have carried the audit in accordance with the Federal Law "On audit activities", federal rules (standards) of audit activities, international audit standards as well as our internal standards. The audit was planned and carried out so that to obtain reasonable certitude that the financial (accounting) statements do not contain any material misrepresentations. The audit was carried out on a selective basis and included investigation on the basis of testing of evidences confirming numerical indicators in the financial (accounting) statements and disclosure therein of information about financial and business activities, assessment of observance of accounting rules and principles applied within the framework of preparation of the financial (accounting) statements, consideration of the main assessment indicators received by the management of the Company as well as assessment of presentation of the financial (accounting) statements. We suppose that the executed audit provides adequate grounds for expression of our opinion on accuracy of the financial (accounting) statements and compliance of the accounting procedure with legislation of the Russian Federation.

4. In our opinion, the financial (accounting) statements of the Company attached to this audit report accurately reflect in all material aspects the financial standing of the Company as of the 31st of December 2007 and results of its financial and business activities period from the 1st of January 2007 to the 31st of December 2007 inclusively in accordance with requirements of legislation of the Russian Federation with regards to preparation of financial (accounting) statements.

The 26th of March 2008

Director of the joint stock company

A.V. Chmel

Auditor
 Qualification certificate No. K019320
 in the area of general audit
 (without limitation of term)

A.V. Myshenkov

ANNEX 4 INFORMATION ABOUT TECHNICAL AND ECONOMIC INDICATORS

INSTALLED ELECTRICAL CAPACITY OF POWER PLANTS BRANCHES OF OJSC "OGK-2" AS OF THE END OF THE ACCOUNTING PERIOD, MW

Nº	Branches	2006	2007	variation
1.	Total for OJSC «OGK-2» including:	8 695	8 695	0
1.1.	Stavropolskaya GRES	2 400	2 400	0
1.2.	Troitskaya GRES	2 059	2 059	0
1.3.	Pskovskaya GRES	430	430	0
1.4.	Surgutskaya GRES-1	3 280	3 280	0
1.5.	Serovskaya GRES	526	526	0

ELECTRICAL ENERGY GENERATION BY POWER PLANTS BRANCHES OF OJSC "OGK-2" OVER THE ACCOUNTING PERIOD, MLN. KW*H

Nº	Branches	2006	2007	variation
1.	Total for OJSC «OGK-2» including:	48 083,7	48 022,1	—61,6
1.1.	Stavropolskaya GRES	9 830,3	9 703,9	—126,4
1.2.	Troitskaya GRES	8 987,6	9 026,3	38,7
1.3.	Pskovskaya GRES	1 890,0	1 735,4	—154,6
1.4.	Surgutskaya GRES-1	24 147,5	24 469,3	321,8
1.5.	Serovskaya GRES	3 228,3	3 087,2	—141,1

OUTPUT OF HEAD FROM HPPS AND BOILING HOUSES OF BRANCHES OF OJSC OGK-2" OVER THE ACCOUNTING PERIOD

Nº	Branches	2006	2007	variation
1.	Total for OJSC «OGK-2» including:	2 681,5	2 458,5	—223,0
1.1.	Stavropolskaya GRES	95,8	82,4	—13,4
1.2.	Troitskaya GRES	545,7	521,1	—24,6
1.3.	Pskovskaya GRES	87,1	80,0	—7,1
1.4.	Surgutskaya GRES-1	1 800,0	1 659,4	—140,6
1.5.	Serovskaya GRES	152,9	115,6	—37,3

SPECIFIC CONSUMPTION OF CONDITIONAL FUEL FOR RELEASED ELECTRICAL ENERGY OF HPPS OF BRANCHES OJSC "OGK-2" OVER THE ACCOUNTING PERIOD, G/KW/H

Nº	Branches	2006 actual	2007 norm	2007 actual	Deviation from the norm(— saving, +excess expenditure)	Deviation from the last year's indicator (— saving, +excess expenditure)
	Total for OJSC «OGK-2» including:	345,1	345,7	344,5	—1,2	—0,6
1	Stavropolskaya GRES	332,1	333,0	332,4	— 0,6	+ 0,3
2	Troitskaya GRES	459,4	463,7	463,6	— 0,1	+4,2
3	Pskovskaya GRES	332,6	331,6	330,9	—0,7	—1,7
4	Surgutskaya GRES-1	324,3	326,4	324,4	—2,0	+0,1
5	Serovskaya GRES	378,5	377,5	377,4	—0,1	—1,1

SPECIFIC CONSUMPTION OF CONDITIONAL FUEL FOR RELEASED HEAT ENERGY OF HPPS AND BOILING HOUSES
OF BRANCHES OF OJSC "OGK-2" OVER THE ACCOUNTING PERIOD, KG/GCAL

Nº n/n	Branches	2006 actual	2007 norm	2007 actual	Deviation from the norm(— saving, +excess expenditure)	Deviation from the last year's indicator (— saving, +excess expenditure)
	Total for OJSC «OGK-2» including:	148,6	151,3	151,4	+0,1	+2,8
1	Stavropolskaya GRES	169,2	170,9	169,9	—1,0	+ 0,7
2	Troitskaya GRES	178,6	178,6	177,9	—0,7	—0,7
3	Pskovskaya GRES	171,1	171,5	171,5	0	+0,4
4	Surgutskaya GRES-1	138,7	142,2	142,7	+0,5	+4,0
5	Serovskaya GRES	166,0	167,9	167,5	—0,4	+1,5

DISASSEMBLY OF PHYSICALLY WORN AND OBSOLETE EQUIPMENT, MW

Nº		2006	2007
	Total for OJSC «OGK-2» including:	0	0
1	Stavropolskaya GRES	0	0
2	Troitskaya GRES	0	0
3	Pskovskaya GRES	0	0
4	Surgutskaya GRES-1	0	0
5	Serovskaya GRES	0	0

INTRODUCTION OF NEW CAPACITIES, MW

Nº		2006	2007
	Total for OJSC «OGK-2» including:	0	0
1	Stavropolskaya GRES	0	0
2	Troitskaya GRES	0	0
3	Pskovskaya GRES	0	0
4	Surgutskaya GRES-1	0	0
5	Serovskaya GRES	0	0

COEFFICIENT OF UTILIZATION OF INSTALLED ELECTRICAL CAPACITY OF POWER PLANTS BRANCHES OF OJSC "OGK-2" IN THE ACCOUNTING
PERIOD, %

Nº		2006	2007
	Total for OJSC «OGK-2» including:	63,13	63,05
1	Stavropolskaya GRES	50,2	46,1
2	Troitskaya GRES	70,1	67,0
3	Pskovskaya GRES	46,8	46,2
4	Surgutskaya GRES-1	84,0	85,2
5	Serovskaya GRES	49,8	50,0

REFERENCE INFORMATION FOR SHAREHOLDERS

LEGAL ADDRESS

Russian Federation, Stavropolsky Territory, Izobilnenksy District, Solnechnodolsk Village

POSTAL ADDRESS

117393, Moscow, 56 Profsoyuznaya Street,

TELEPHONE

(495) 981`30`39

FAX

(495) 981`34`82

BANKING DETAILS

SETTLEMENT ACCOUNT

Nº 40702 810 8 0000 0000176

BANK

OJSC "NOMOS`BANK" Moscow

CORRESPONDENT ACCOUNT

Nº 30101 810 3 0000 0000985

BIC

044525985

INTERNET ADDRESS

www.ogk2.ru

INFORMATION ABOUT AUDITORS

CJSC "PRICEWATERHOUSECOOPERS AUDIT"

115054 Moscow, 52 Kosmodamianskaya Nab., building 5

(495) 967`60`00, fax (495) 967`60`01

DATA ON THE REGISTER HOLDER

OJSC "CENTRAL MOSCOW DEPOSITORY"

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CONTACT PERSONS FOR RELATIONS WITH SHARE`HOLDERS, INVESTORS

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