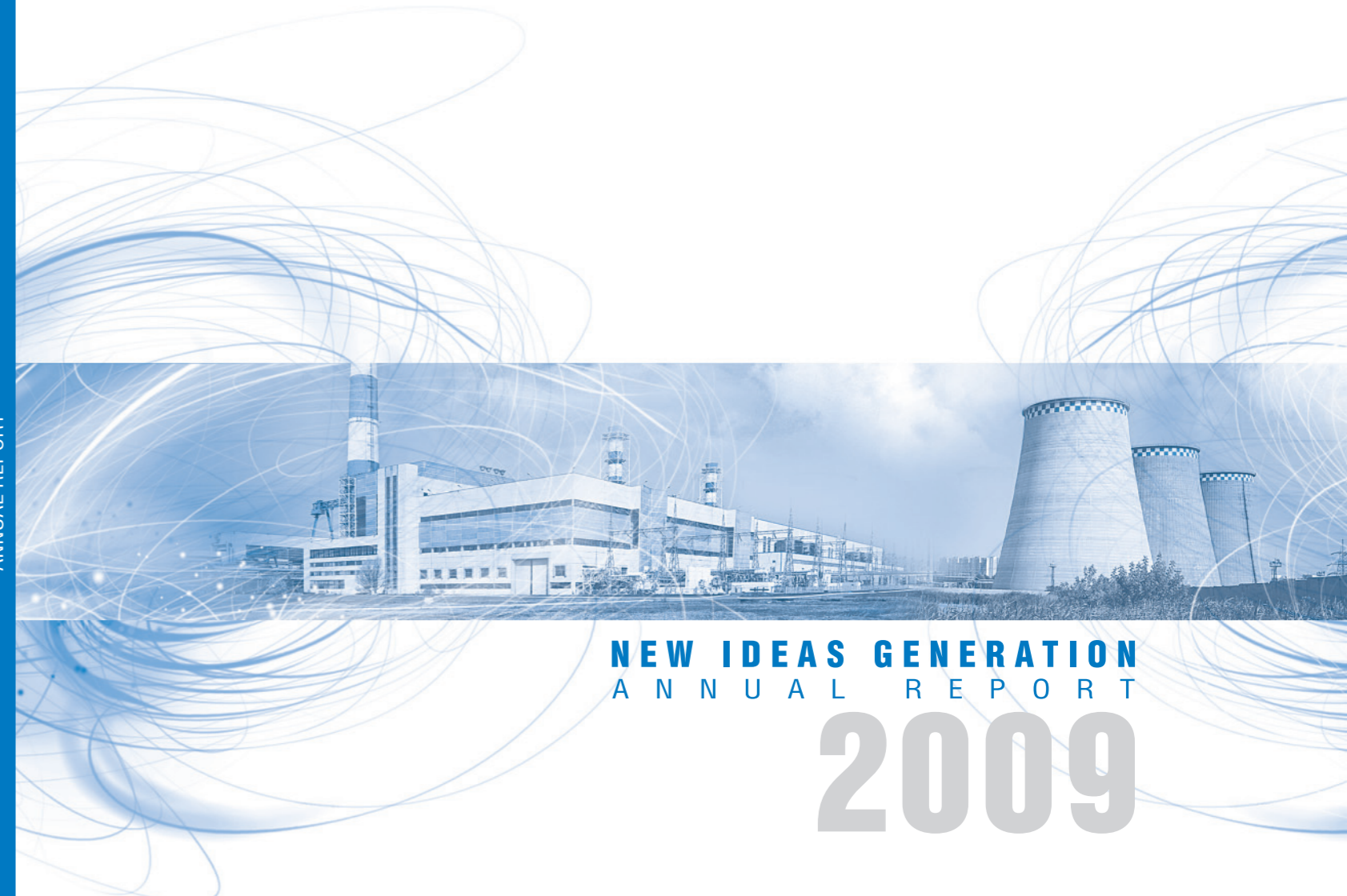




MOSENERGO
ANNUAL REPORT

MOSENERGO

Postal Address:
119526, Moscow,
Prospekt Vernadskogo, 101, building 3
Phone: +7 (495) 957-1-957
www.mosenergo.ru



NEW IDEAS GENERATION
ANNUAL REPORT

2009

2009



NEW IDEAS GENERATION
A N N U A L R E P O R T

2009

Contents

| | |
|---|-----------|
| Address by the Chairman of the Board of Directors | 4 |
| Address by General Director | 6 |
| Mosenergo Today | 8 |
| Company Profile | 8 |
| Operational Highlights | 10 |
| Financial Highlights | 10 |
| Mosenergo's Position in the Power Generation Industry | 10 |
| Shareholders Capital | 11 |
| Competitive Advantages | 12 |
| Major Events of 2009 | 12 |
| Mosenergo Operations | 14 |
| Power Generation | 14 |
| Sales | 16 |
| Fuel Supply | 18 |
| Investment Repair and Maintenance Activities | 19 |
| Investment Activities | 19 |
| Repairs and Maintenance | 20 |
| Efficiency and Safety of Production | 22 |
| Power Saving Programme | 22 |
| SAP Implementation | 23 |
| Analysis of Financial Performance | 24 |
| Social Responsibility | 26 |
| Human Resources Management and Social Programmes | 26 |
| Headcount and Structure of Personnel | 26 |
| Staff Motivation System | 28 |
| Staff Education and Development | 28 |
| Social Programmes | 28 |
| Occupational Health and Safety | 28 |
| Commitment to Environmental Protection | 30 |
| Establishing of the Advanced Health Safety Environmental System | 31 |
| Corporate Governance | 32 |
| Underlying Principles | 32 |
| General Meeting of Shareholders | 32 |
| Board of Directors and its Committees | 33 |
| Audit Commission | 34 |
| Executive Board | 34 |
| Remuneration | 34 |
| Changes in the Company's Structure | 35 |
| Additional Information | 36 |
| Mosenergo's History | 36 |
| The Structure of the Power Industry in Russia | 37 |
| Mosenergo's Positioning in the Generating Power Industry | 37 |
| Risks | 38 |
| Securities | 40 |
| Information about the Members of the Board of Directors, BoD's Committees and the Executive Board | 42 |
| Compliance with the Corporate Governance Code of the Federal Financial Markets Service | 49 |
| Information on Interest Party Transactions | 56 |
| Informational Policy | 61 |
| Financial Reports in accordance with the Russian Accounting Standards | 63 |
| Glossary | 107 |
| Contact Details | 108 |

Address by the Chairman of the Board of Directors



Dear Shareholders,

OJSC Mosenergo is the largest power generating company in Russia and a major producer of thermal energy in the world.

Starting from 2007 Mosenergo commissioned three new steam gas power units with total capacity of 1,325 MW. After commissioning of the Combined Cycle Gas Turbine-420 on TPP-26 scheduled for 4Q 2010, Mosenergo will become the first Russian power company to have fully completed the implementation of the initial stage of the investment programme.

To summarise Mosenergo's activities in 2009, I should note that the last year was not an easy time for the Russian power generating sector. It was affected by new conditions of electric power generation sector operations in this country as well as global economy situation. The start of the year was marked by a considerable drop in energy consumption, which consequentially reflected on generation volumes, as well as financial results of all energy companies.

However, Mosenergo successfully reached all objectives set for 2009. The key priority of the Company's operations is reliable supply of electricity and heat to the Moscow region: last year, Mosenergo's power plants generated 61.7 bn kWh of electricity - the highest volume among all Russian thermal generating companies. Heat output reached 65.4 mn Gcal, which is 4.7% higher than 2008 results. New generating capacities made a substantial contribution into overall OJSC Mosenergo operational result. The volume of electricity generated by new power units in 2009 grew more than two times up to 7.3 bn kWh.

The key objective for the Company is to implement the most innovative technology in the electric power sector, namely to commission highly-efficient

steam-and-gas combined cycle units with an efficiency factor over 50% and to replace worn-out equipment. Such arrangements result in a major upgrade of power units technical characteristics, enhanced fuel consumption efficiency and improvement of the environmental indicators for power plants.

In order to increase performance efficiency in 2009, the Company introduced measures to reduce operational costs, ensure financial stability and update human resources management system. Stable operations combined with the investment programme implementation will further support Mosenergo's leading position among Russian generating companies.

In 2009 Mosenergo implemented a number of projects to increase efficiency. Reconstruction and commissioning of new equipment, maintenance activities, optimisation of load operations allowed to reach a substantial decrease in fuel use, cut down auxiliary power requirements and achieve a notable economic effect.

One of the Company's priorities is protection of the environment. Mosenergo completed the implementation of the Environmental Management System, which complies with the international ISO 14001:2004 standard. Within the Environmental Policy implementation programme Mosenergo reconstructed all of the power boilers. Mosenergo power plants follow a system of environmental control and carry out annual activities to reduce emissions and improve waste water treatment.

I am confident that active cooperation between the Company's Board of Directors, the Management and shareholders will ensure successful achievement of current objectives and realisation of our development plans in the future.

Member of Gazprom Executive Board,
Chairman of the Board of Directors
of OJSC Mosenergo



Kirill Seleznev

Address by General Director



Dear Shareholders,

In 2009, Mosenergo successfully achieved its key objective to ensure uninterrupted power supply to the region and to guarantee stable output of electricity and heat.

Company's EBITDA increased by 120% year-on-year and amounted to 17.8 bn roubles in accordance with 2009 results; net profit totalled 4.5 bn roubles, which was 3.2 times higher than 2008 results.

Successful operating activities in 2009 had a positive effect on Mosenergo's capitalisation growth. The Company's market capitalisation grew by 91.8 bn roubles (330%) and reached 131.3 bn roubles, which exceeds capitalisation growth rates of other Russian electricity and heat generating companies.

The Company successfully achieved all of the 2009 objectives.

Cost and Business Process Optimisation

In 2009 Mosenergo successfully carried out integrated measures to cut down administrative and business expenditure, as well as overall fixed costs. The implemented initiatives had a positive effect on our financial indicators: the rate of revenue growth (+18%) considerably exceeded the growth of fixed costs (+4%). The implementation of new large-scale projects aimed at increasing production and labour efficiency resulted in an economic effect, which amounted to over 850 mn roubles in the reporting year.

In March 2009, the Company launched the 'Lean Production' Project aimed at enhancing the safety and efficiency of power plant operations, reducing the number of accidents and equipment malfunctions, as well as improving technical and economic indicators. After the successful implementation of the pilot project, Mosenergo is planning to roll out the 'Lean Production' Project at all of the Company's power plants by 2012. According to preliminary estimates, the annual economic effect of the implemented projects on each power plant could reach 150-200 mn roubles, and will result in a 30% growth of production.

The SAP system was rolled out in 2009 within the framework of the 3-year 'Changing of Management Standards and CIS (Corporate Information System) Implementation' Programme, which the Company is planning to implement during 2009 - 2011. In 2009 the Company adopted SAP decisions in order to manage processes of purchase, inventory, sales, budgeting and reporting, taxation and accounting, investments, liquidity and credit financing. The consolidated informational platform improved operational efficiency and accuracy of managerial information, as well as leading to an improvement of the Company's resource management and the reduction of costs not related to production.

The Company managed to achieve considerable advancement in the creation and implementation of a staff performance appraisal and motivation system: the new remuneration system ensures a closer correlation between staff salaries and their performance results.

Notable fixed costs optimization was obtained through management efforts, but not limited to the centralisation and outsourcing of supporting

functions. Last year, the Company outsourced cleaning, catering, employee medical and social services, as well as a part of telecommunication services. The Management estimates annual savings of fixed costs at 250 mn roubles.

The Company carried out a full-scale operation to reorganise the non-core assets management system, namely, the liquidation of several non-core assets or the reduction of the service costs on such assets; monitoring and property control tools were implemented followed by an increase of property lease revenue.

The Company used the cash flow from the sale of a cluster of buildings on the Raushskaya Embankment in Moscow, as well as other properties, to finance our new construction programme, technical upgrade and reconstruction.

Investment Projects

The key investment project for the Company in 2009 was the construction of combined cycle gas turbine (CCGT) No.8 at TPP-26. Last year, the Company successfully changed its approach to project management due to the creation of 'TEK Mosenergo', which was based on the liquidated branches of the Company (Mosenergoproekt, Mosenergospetsremont and the Pilot Plant for Automation and Instruments). We introduced fundamental changes to the agreement with the EPC-contractor; these changes allow us to define obligations of the parties and outline clear terms of the unit commissioning. The construction is due to be completed by October 31, 2010.

The Company carried out several measures to enhance the safety of main and accessory equipment within the technical upgrade and reconstruction programme.

Increase of Financial Stability

Our efforts to achieve financial stability allowed the Company to successfully overcome the shortage of liquidity in mid-2009. According to 2009 results, cash inflow from operations exceeded the level registered in 2008. In 2009, the Company successfully executed an offer on a bond loan of 4.6 bn roubles, as well as carrying out an initial bond issue of 2 bn roubles and a 5-year corporate bond issue of 5 bn roubles. The Company significantly increased the long-term exposure of the credit portfolio (up to 90% of the portfolio), as well as decreased the total debt volume by 2.8 bn roubles.

Mosenergo considerably changed its credit portfolio structure by replacing secured strict covenant loans with unsecured loans.

Objectives for 2010

The Company's Management considers the following objectives as top priority for 2010:

1. Capital employed efficiency growth. In particular, the efforts will be focused on:

- The implementation of high-return investment projects (the completion of Unit 8 of CCGTe-420, the preparation and drafting of three new units of CCGT-420, as well as other projects).
- Efficient use of existing capacities (primarily, ensuring availability of high-performing equipment).
- Sale of non-core assets.
- Detection of low capital efficiency assets and undertaking measures to either increase efficiency or to sell such assets.

2. Increasing safety of the Company's operations and achieving new standards in occupational health and safety. Within the framework of this objective, the Company is planning to:

- Design and implement a transparent, clear-cut and structured repair management process on the basis of the SAP TORO module.
- Total Execution of the investment programme budget, classified as «safety».
- Implement measures aimed at reducing the breakdown rate, including the implementation of fully tested programmes to replace and repair worn-out equipment and to increase efficiency of staff training and testing.

3. To continue cost optimisation. In 2010 the Company is planning to:

- Implement the initiatives developed by cost-centres aimed at reducing operation expenses by 200 mn roubles.
- Complete the 'Head Office Lean' Project by reducing general management expenses by 300 mn roubles per year.
- Roll out the 'Lean Production' Project on eight of Mosenergo's power plants. This project will allow the Company to convert 73% of its total capacity to the new highly-effective operational management system by the end of 2010.

4. Increase sales volumes of heat generated in the combined regime by:

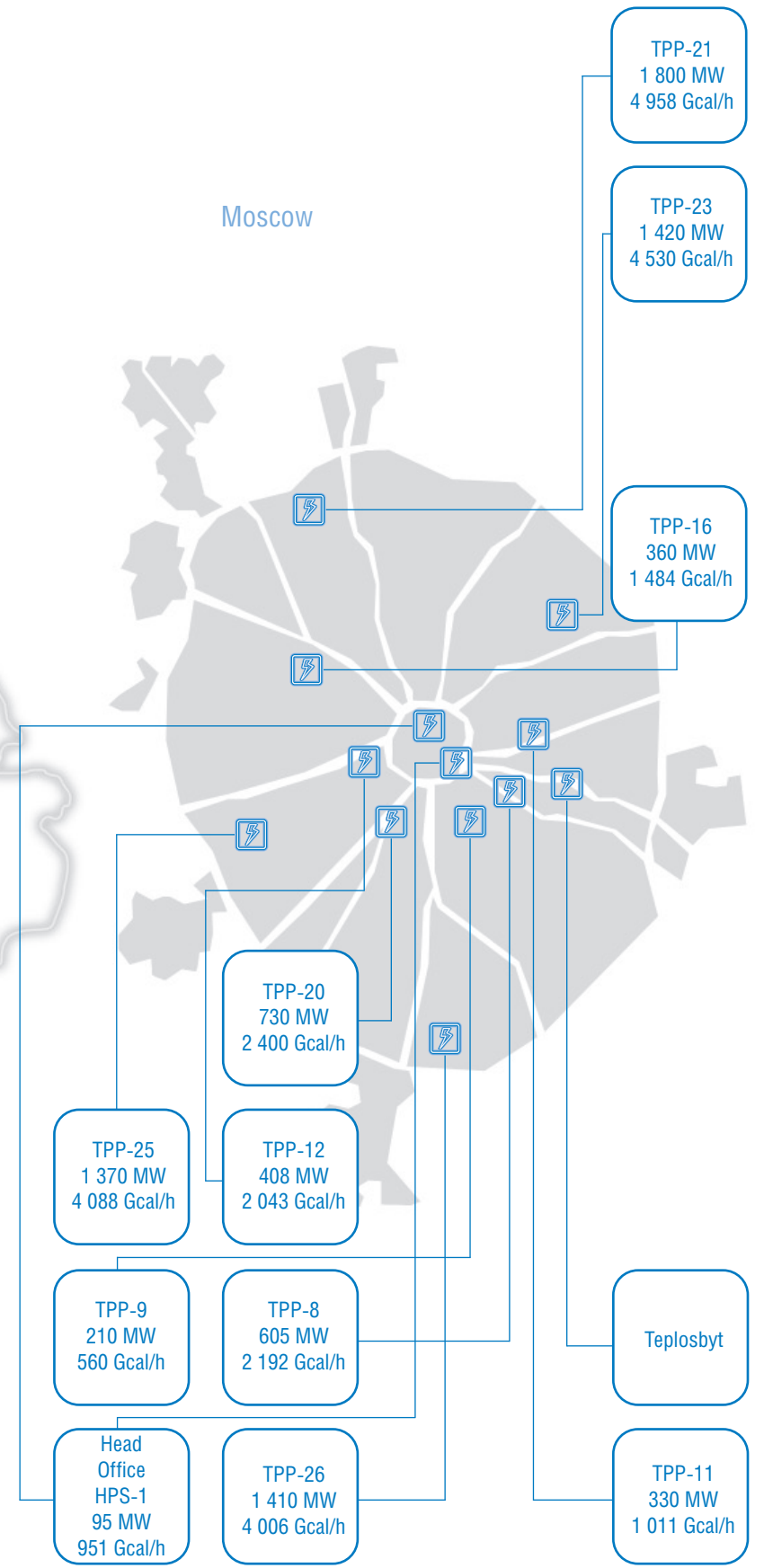
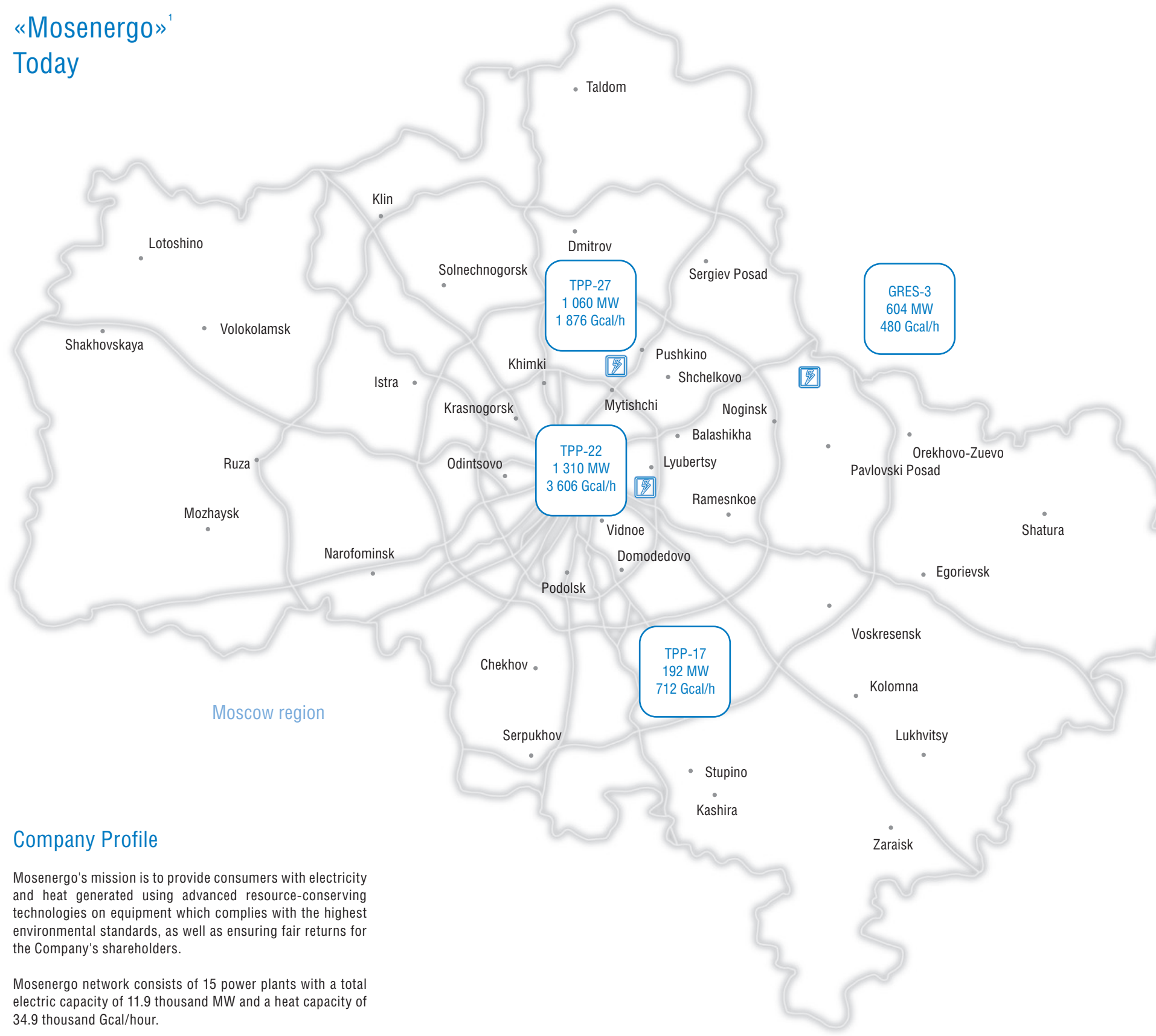
- Reaching new sales areas in the towns neighbouring Moscow.
- Implementing a personal approach practice between account managers and key clients, creating the client-management structure for subscribers, as well as providing additional services to clients.
- Continuing to work in line with the Task Group on the drafting of the Heat Supply Law.

General Director
OJSC Mosenergo

Vitaliy Yakovlev

«Mosenergo»¹ Today

| Section | p. |
|-----------------------------------|-----------|
| QJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |



| Section | p. |
|-----------------------------------|-----------|
| QJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

Company Profile

Mosenergo's mission is to provide consumers with electricity and heat generated using advanced resource-conserving technologies on equipment which complies with the highest environmental standards, as well as ensuring fair returns for the Company's shareholders.

Mosenergo network consists of 15 power plants with a total electric capacity of 11.9 thousand MW and a heat capacity of 34.9 thousand Gcal/hour.

¹ Hereinafter - the Company or Mosenergo

Operational Highlights

| | 2008 | 2009 | Изм. |
|-----------------------------|--------|--------|-------|
| Electricity Output, mn, kWh | 64,274 | 61,747 | -3.9% |
| Electricity Sales mn, kWh | 65,044 | 63,387 | -2.5% |
| Heat Output, thous., Gcal | 62,440 | 65,406 | +4.8% |
| Heat Rate, grf/kWh | 255.1 | 244.7 | -4.1% |

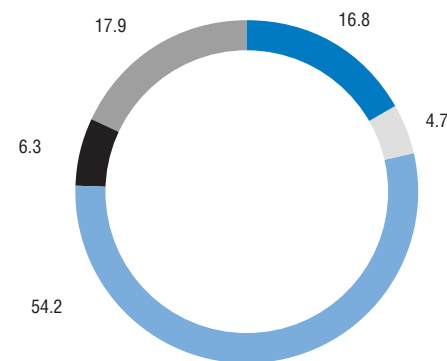
Financial Highlights², mn. roubles

| | 2008 | 2009 | Change |
|--------------|----------|-----------|---------|
| Revenue | 94,779 | 112,227 | +18.4% |
| Net cost | (89,981) | (105,138) | +16.8% |
| Net profit | 4,798 | 7,090 | +47.8% |
| Sales profit | 4,688 | 7,015 | +49.6% |
| Net Profit | 1,372 | 4,509 | +228.6% |

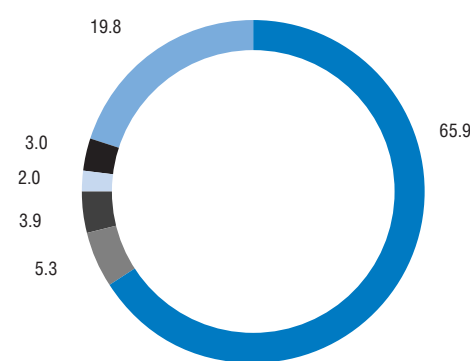
| | 01.01.2009 | 31.12.2009 | Change |
|-----------------------|------------|------------|--------|
| Non-Current Assets | 155,552 | 149,601 | -3.8% |
| Current Assets | 47,097 | 57,497 | +22.1% |
| Long-Term Liabilities | 17,701 | 21,846 | +23.4% |
| Current Liabilities | 21,307 | 17,075 | -19.9% |

Mosenergo's Position in the Power Generation Industry

Electricity Generation in Russia, 2009, %



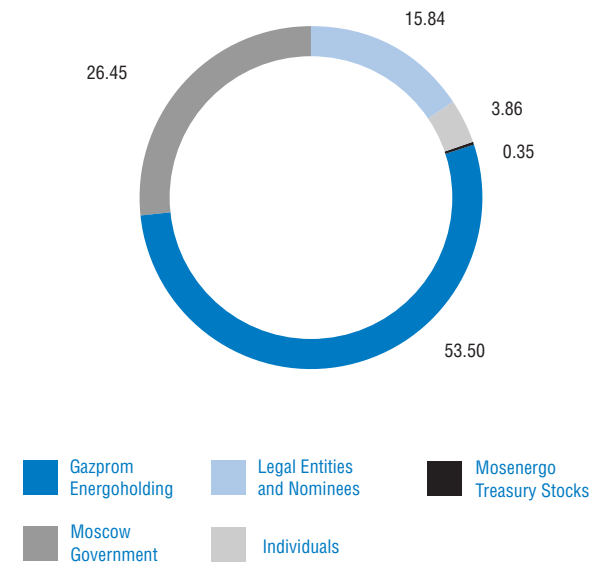
Electricity Generation in the Moscow Region, 2009, %



Mosenergo's power plants supply around 66% of electricity and heat consumed in the Moscow region.

² RAS

Mosenergo's Shareholders Capital Structure³, %



Mosenergo's charter capital amounts to 39,749,359,700 roubles and is divided between 39,749,359,700 common registered uncertified shares with a face value of 1 (one) rouble each.

Securities

Mosenergo's ordinary shares are listed on Russian MICEX (in quotation list A1) and RTS (in quotation list A2) stock exchanges.

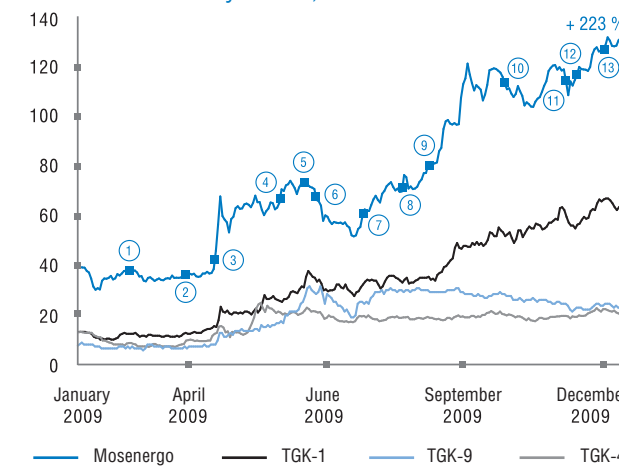
Tickers:

- MICEX: MSNG
- RTS T+0: MSNGG
- RTS Classica: MSNG
- Bloomberg: MSNG RU
- Reuters: MSNG.RTS

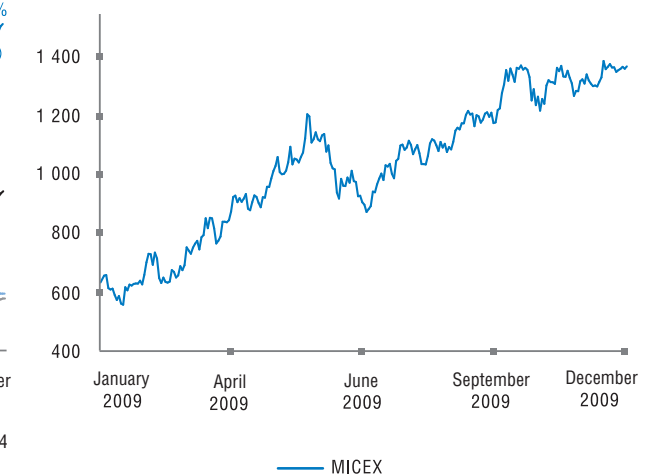
Depository Receipts Programmes:

- 144A
- Reg S
- Level 1

Mosenergo 2009 Market Capitalisation Dynamics, bn roubles



2009 MICEX Index Dynamics



Legend to Mosenergo 2009 Market Capitalisation Dynamics

| Date | Event | Change of share price |
|---------------|---|-----------------------|
| 1 February 17 | Mosenergo's Management announces its intentions to not pay dividends for 2008. | -4.3% |
| 2 March 25 | Release of the 2008 financial report in accordance with RAS. | +0.9% |
| 3 April 10 | The System Operator reports that the economic slowdown had a minor effect on electricity consumption in Moscow and Saint Petersburg. V.V. Putin's address on the implementation of investment programmes. | +47.4% ⁴ |
| 4 May 25 | Release of the 2008 financial report in accordance with IFRS. Mosenergo's Management meeting with analysts. | +8.3% |
| 5 June 10 | Article in the Kommersant newspaper regarding possible changes in the Mosenergo investment programme and transfer to Mosenergo a part of OGKs investment projects. | -1.7% |
| 6 June 20 | Market information on a possible huge non-payments amounts to the power industry. | -11.9% |

³ As of 30/12/2009

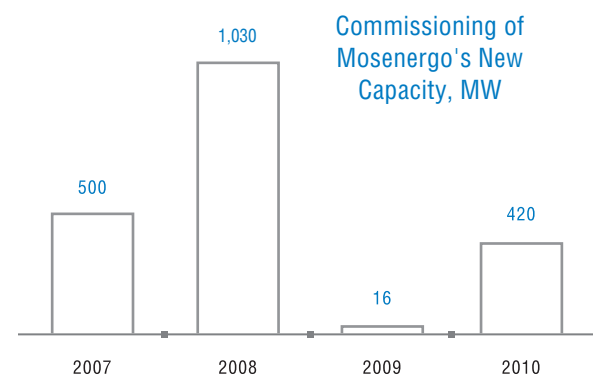
⁴ For the following two trading days

| Section | p. |
|-----------------------------------|----|
| OJSC 'Mosenergo' Today | 8 |
| Mosenergo Operations | 14 |
| Analysis of Financial Performance | 24 |
| Social Responsibility | 26 |
| Corporate Governance | 32 |
| Additional Information | 36 |

| Date | Event | Change of share price |
|----------------|---|-----------------------|
| 7 July 17 | Release of 1Q2009 financial report in accordance with IFRS | +4.2% |
| 8 August 12 | Release of 1H2009 financial report in accordance with RAS. | +9.4% |
| 9 August 28 | Analysts power plant site visit, organized by Gazprom Energoholding. | +1.3% |
| 10 October 15 | Gazprom Management announces that discrepancies between MOEK and Mosenergo's investment programmes lead to construction of redundant heat capacities. | -2.4% |
| 11 November 25 | Release of 9M2009 financial report in accordance with RAS. | -4.2% |
| 12 December 3 | Standard&Poors includes Mosenergo among top three companies in the power industry for its informational transparency. | +2.8% |
| 13 December 21 | Release of 9M2009 financial report in accordance with IFRS. Mosenergo Management holds a telephone conference with analysts and clarifies reasons for the Company's net loss. | +1.9% |

Mosenergo Bonds Listed on MICEX Stock Exchange

| Series | Identification Number | Date of Issue Registration | Bond Description | Face Value (roubles) | Number of Bonds | Maturity Term |
|--------|-----------------------|----------------------------|---|----------------------|-----------------|---------------|
| BO-01 | 4B02-01-65116-D | 01.12.2008 | stock bearer bonds with mandatory centralised custody | 1,000 | 1,000,000 | 1 year |
| BO-02 | 4B02-02-65116-D | 01.12.2008 | | 1,000 | 2,000,000 | 1 year |
| BO-03 | 4B02-03-65116-D | 01.12.2008 | | 1,000 | 2,000,000 | 1 year |



Competitive Advantages

- The major competitive advantages of the Company are:
- Strong position on the stable market of electricity and heat consumption.
 - High technical and economic characteristics of the existing equipment (compared to the Company's competitors in gas generation).
 - Focus on operational mobility.

TPP-6 (association with TPP-3), TPP-28 (association with TPP-21), the Enterprise for Production and Technological Integration, the Pilot Plant for Automation and Instruments (PPAI), the Special Design and Technological Bureau for High-Voltage and Cryogenic Technology, Mosenergospetsremont (MESR), Moscow Design Office for the Development of Power Facilities (MEF), the Medical and Sanitation Service. MESR, MEF and PPAI constituted a base for TEK Mosenergo and the EPC contractor.

- The Company determined the new membership of the Executive Board.⁶

Major Events of 2009

February

Starting from **February 11**, the Registry of Shareholders is maintained by the Specialised Registrar, the Holder of the Register of Shareholders in the Gas Industry, Ltd. (SR-HRSGL, Ltd.). The new Registrar was approved by Mosenergo's Board of Directors on November 10, 2008. The transfer of the Registry to SR-HRSGL, Ltd. was carried out in line with the Gazprom Group's corporate governance.

February 16⁵

- The Company decided to liquidate the following branches:

⁵ The Meeting of Mosenergo BoD.

⁶ For further information please refer to paragraph 5.5, 'The Management'.

March

March 4 The Company approved the minutes of the Annual General Meeting of Mosenergo Shareholders, as well as the list of candidates for the Company's Board of Directors.

March 10 Launch of the 'Lean Production' Project.

March 25 Release of Mosenergo 2008 RAS reports.

April

April 3 Mosenergo wins the 'Disclosure of Information' Award in the 5th annual contest for annual reports of power industry companies. The contest was organised by the EnergoRynok magazine.

May

May 25 Release of Mosenergo audited consolidated 2008 IFRS report.

May 26 Mosenergo Management meets analysts of the leading investment companies and banks to discuss the Company's 2008 IFRS reports and the priorities for 2009.

June

June 30 the Company held the Annual General Meeting of Mosenergo Shareholders.

July

July 9. Within the framework of the construction project for power unit number 8 of CCGT-420 at TPP-26, Mosenergo delivered the primary equipment: steam and gas turbines, the recovery boiler, generators and transformers, as well as booster compressors.

July 27⁷.

- K.G. Seleznev, member of Gazprom's Executive Board, CEO of Mezhrefiongaz was elected as the Chairman of Mosenergo's BoD.
- P.P. Biryukov, First Deputy Moscow Mayor in the Moscow Government, Head of the Moscow Municipal Services Complex, was elected as the Deputy Chairman of the BoD.

August

August 26 In August 2009, the Company held auctions to sell real estate on the Raushskaya Embankment and Sadovnicheskaya Street, as well as the property of Agrohholding Shaturskiy, as part of the programme aimed at the disposal of Mosenergo's non-core assets, structural optimisation and the improvement of efficiency of the Company's core operations.

August 28 Gazprom Power Holding organises a site visit to a

⁷ The Meeting of Mosenergo's BoD.

Mosenergo power plant for market analysts.

September

September 25. In line with the Mosenergo investment programme, the Company continues the construction of power unit number 8, CCGT-420: the Company delivered the primary equipment; installed gas and steam turbines; assembled all modules of the recovery boiler, completed construction of the fan cooling tower, as well as finishing the assembly of gas and steam turbines.

October

October 8. Mosenergo Management meets analysts of the leading investment companies and banks to discuss the Company's 1H09 IFRS reports.

October 28. the Company launches a new generating capacity, GTR-TPP of Mosenergo in the town of Pavlovskiy Posad (Moscow region).

November

November 27. Mosenergo wins the Power Industry Award in the 12th Annual Federal Competition for Annual Reports and Web Sites. The competition was co-organised by the Securities Market magazine and the MICEX stock exchange with the support of IMADESIGN branding company.

December

December 3. According to the research released by Standard&Poors, the international rating agency, Mosenergo is among the top three companies in the power industry for its informational transparency.

December 4. Mosenergo placed series 03 five year maturity rouble bonds amounting to 5 bn roubles on MICEX stock exchange.

December 16. Mosenergo repaid its liabilities to the European Bank of Reconstruction and Development before maturity. This obligation was incurred under the loan agreement with a limit of 7.2 bn roubles, which was signed by the parties in December 2005.

December 21. Mosenergo held a telephone conference with investment analysts to discuss the results of the Company's consolidated IFRS reports for the first nine months of 2009.

December 28. Mosenergo completed the re-certification audit of the Company's Environmental Management System, which confirmed the System's compliance with the international ISO 14001-2004 standard.

| Section | p. |
|-----------------------------------|----|
| OJSC 'Mosenergo' Today | 8 |
| Mosenergo Operations | 14 |
| Analysis of Financial Performance | 24 |
| Social Responsibility | 26 |
| Corporate Governance | 32 |
| Additional Information | 36 |

Mosenergo Operations

Power Generation

In 2009, the Company operated without significant malfunctions and ensured steady power plants operations, as well as reliable supply of heat and electricity to consumers in Moscow and the Moscow region.

In 2009, the Company's power plants generated 61.7 bn kWh

of electricity. The same figure for 2008 amounted to 64.2 bn kWh. The drop in generation for the reporting period occurred primarily due to a decrease of electricity consumption in the Russian Federation. The 2009 consumption in the UES Centre, as compared to 2008, dropped by 5.5% (according to SO UES); consumption in the Moscow Region (Moscow City and the Moscow Region) declined by 3.9% over 2008 (according to the SO UES branch of Moscow LDO).

Electricity Generation, mn kWh

| Power Plant | 2009 | 2008 | Change |
|---------------|---------------|---------------|--------------|
| HPS-1 | 390 | 383 | +1.7% |
| TPP-3 | 176 | 178 | -1.2% |
| TPP-8 | 2,457 | 2,922 | -15.9% |
| TPP-9 | 1,243 | 1,312 | -5.2% |
| TPP-11 | 1,673 | 1,924 | -13.0% |
| TPP-12 | 2,571 | 2,737 | -6.1% |
| TPP-16 | 2,329 | 2,430 | -4.2% |
| TPP-17 | 579 | 655 | -11.6% |
| TPP-20 | 3,899 | 4,232 | -7.9% |
| TPP-21 | 9,627 | 9,100 | +5.8% |
| TPP-22 | 8,014 | 8,727 | -8.2% |
| TPP-23 | 7,704 | 8,438 | -8.7% |
| TPP-25 | 7,516 | 9,046 | -16.9% |
| TPP-26 | 7,598 | 8,421 | -9.8% |
| TPP-27 | 5,973 | 3,770 | +58.4% |
| TOTAL: | 61,747 | 64,274 | -3.9% |

At the same time, the volume of electricity generated by new capacities (power units CCGT-450 at TPP-21 and TPP-27) grew more than two-fold to 7.3 bn kWh in 2009. The share of new generating capacities in the Company's aggregate generation reached 11.8% by year end.

Additionally, new CCGT units were underloaded in 2009 due to operations aimed at commissioning and debugging of the

new equipment. The Company is enforcing actions aimed at solving problems and achieving optimal load regime.

In 2009, heat supply from Mosenergo TPP collectors reached 65.4 mn Gcal, an increase of 4.8% over 2008 results. This growth was primarily caused by lower than usual outdoor air temperatures.

Heat Supply, thous. Gcal

| Power Plant | 2009 | 2008 | Change |
|-------------|-------|-------|--------|
| HPS-1 | 1,818 | 1,654 | +9.9% |
| TPP-3 | 516 | 517 | -0.2% |
| TPP-8 | 2,160 | 1,986 | +8.7% |

Heat Supply, thous. Gcal (continuation)

| Power Plant | 2009 | 2008 | Change |
|---------------|---------------|---------------|--------------|
| TPP-9 | 1,308 | 1,177 | +11.1% |
| TPP-11 | 2,368 | 2,179 | +8.7% |
| TPP-12 | 3,064 | 3,033 | +1.0% |
| TPP-16 | 3,628 | 3,490 | +4.0% |
| TPP-17 | 546 | 528 | +3.4% |
| TPP-20 | 4,696 | 4,501 | +4.3% |
| TPP-21 | 10,653 | 10,061 | +5.9% |
| TPP-22 | 9,089 | 8,818 | +3.1% |
| TPP-23 | 8,278 | 8,329 | -0.6% |
| TPP-25 | 6,592 | 6,262 | +5.3% |
| TPP-26 | 7,929 | 7,594 | +4.4% |
| TPP-27 | 2,759 | 2,311 | +19.4% |
| TOTAL: | 65,406 | 62,440 | +4.8% |

Heat generation is influenced by average temperatures in the heating period and, consequentially, by the duration of the heating season. Heat supply in the heating period amounted

to 88% of the annual heat supply. In 2009 compared to 2008, the average annual temperature dropped by 0.6 degrees per annum, including a 2.3-degree drop in the heating period.

Temperatures

| | 2008 | 2009 | Change |
|--|------|------|--------|
| Average Annual Temperatures, °C | +7.4 | +6.8 | -0.6 |
| Average Temperatures in the Heating Period, °C | +2.0 | -0.3 | -2.3 |

Mosenergo's total capacity at the end of 2009 reached 11,924.28 MW, an increase of 20 MW compared to the beginning of the year. The changes took place due to:

- relabeling of turbine set PT-80/100-130/13 No.9 at TPP-12 with an increase of electric capacity (+10 MW), starting from March 23, 2009. Reasons for

- relabeling: reconstruction of turbine set No.9 at TPP-12; relabeling of turbine set PT-80/100-130/13 No.1 at TPP-26 with an increase of electric capacity (+10 MW), starting from March 23, 2009. Reasons for relabeling: reconstruction of turbine set No.1 at TPP-26;

Total Capacity Load Factor, %

| Capacity Factor, Electricity | | | Capacity Factor, Heat | | |
|------------------------------|------|--------|-----------------------|------|--------|
| 2008 | 2009 | Change | 2008 | 2009 | Change |
| 64.8 | 59.1 | -5.7 | 40 | 39.6 | -0.4 |

The utilisation rate of the average annual total electric capacity for Mosenergo power plant turbines was 5.7% lower in 2009 compared to 2008, and amounted to 59.1%. Major factors which influenced the drop: a decrease in electricity consumption (reduction of average electric loads and a large scale shutdown and transfer of equipment into reserve), and an average annual growth of total capacity.

The utilisation rate of the average annual total heat capacity of turbine delivery under the system amounted to 39.6%, a decrease of 0.4% over 2008 results. The drop was caused by the mid-2008 launch of the new equipment and the relabeling of existing equipment in 2009, which accounted for the average annual growth of the total heat capacity of turbine delivery (+439.9 Gcal/h).

Sales

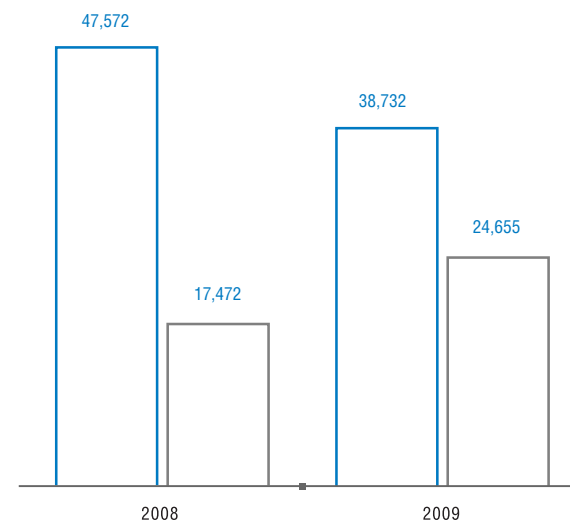
In 2009, the volume of electricity sales decreased by 1,655 thousand MWh or 2.5%, as compared to the previous reporting period. This happened due to a decline in electricity consumption in the Russian Federation. In 2009, capacity sales volumes reached 11,769 MW, which exceeds 2008 figures by 923 MW or 8.5%.

The increase of electricity and capacity sales volume on the free sector, as compared to 2008, was mainly due to:

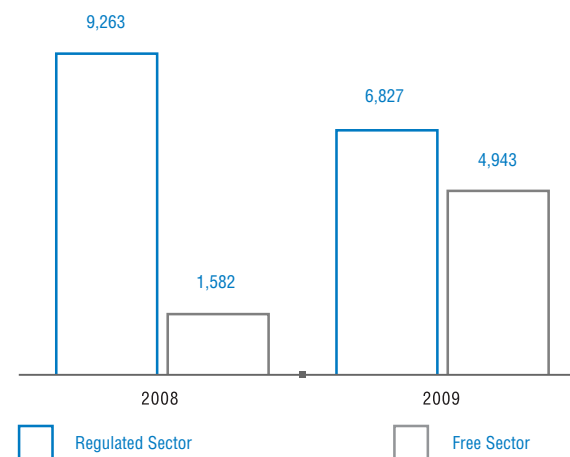
- The growth of the wholesale market liberalisation (from 15% in 1H08 to 30% in 1H09 and from 25% in 2H08 to 50% in 2H09). At the same time, the capacity market was only launched on July 1, 2008 (it was not liberalised in 1H08).
- The launch of unit 4 at TPP-27 on January 1, 2009, as well as an increase in capacity sales volumes for unit 3 at TPP-27 and unit 11 at TPP-21 (capacity sales for units 3 and 11 only took place in the second half of 2008).
- Equipment modernisation (the gain in 2009 at TPP-12 and TPP-26 amounted to 20 MW);

In 2009, heat supply exceeded the figures registered in 2008. This happened due to lower temperatures, as well as an expansion of the client base. Compared to 2008, the number of supply points grew by 166 units, and the connected load rose by 287 Gcal/hour. In 2009, the Company managed to overcome the trend of a client base decrease: the client base shrank by 214 supply points in 2008. The fact that the appellate court legitimised the FAS decision proved to be a significant influence in this process.

Sales of Electricity, thous. MWh



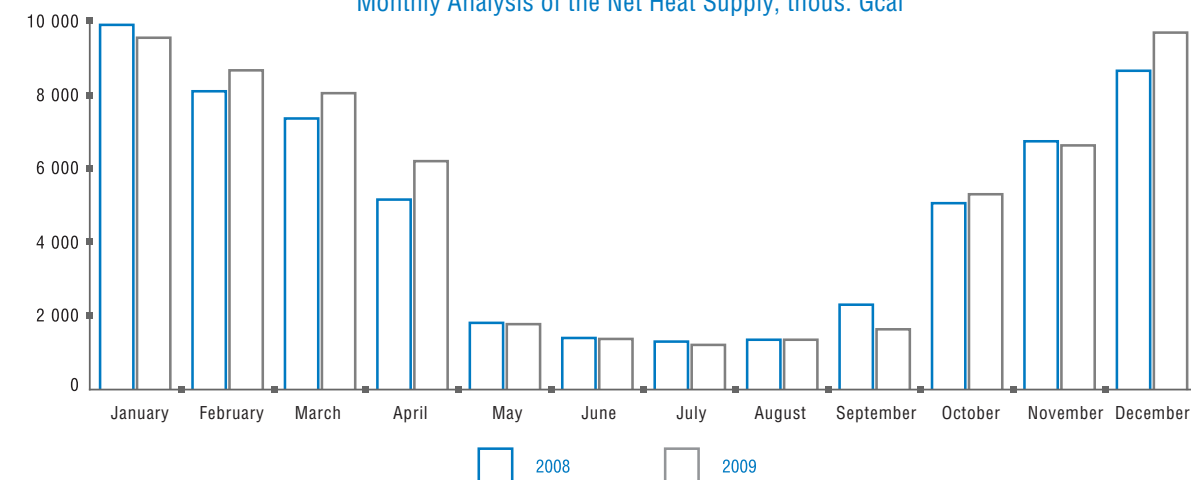
Sales of Capacity, MW



Sales Volumes and Sales Revenue from Heat in 2008 and 2009

| Indicator | 2008 | | 2009 | | Change | |
|-------------------------------|-------------|------------|-------------|------------|-------------|------------|
| | thous. Gcal | mn roubles | thous. Gcal | mn roubles | thous. Gcal | mn roubles |
| Net Supply of Own Consumption | 58,601 | 35,927 | 60,901 | 45,286 | +3.9% | +26% |
| Offset of Losses | 4,450 | 1,613 | 4,929 | 2,223 | +10.8% | +37.8% |
| Total Heat Supply | 63,051 | 37,540 | 65,830 | 47,508 | +4.4% | +26.6% |

Monthly Analysis of the Net Heat Supply, thous. Gcal



Changes in the Client Base

| Clients | as of January 1, 2009 | | | as of January 1, 2010 | | | Change | | |
|--|-----------------------|---------------|-----------------|-----------------------|---------------|--------|-----------|---------------|-----------------|
| | Contracts | Supply Points | Load Gcal/ hour | Contracts | Supply Points | Load | Contracts | Supply Points | Load Gcal/ hour |
| Total | 7,849 | 14,669 | 32,599 | 7,890 | 14,835 | 32,886 | +41 | +166 | +287 |
| including: 'MOEK', PLC | 12 | 6,832 | 16,113 | 12 | 6,957 | 16,343 | 0 | +125 | +230 |
| Industrial Enterprises (retail) | 652 | 652 | 3,645 | 644 | 644 | 3,589 | -8 | -8 | -56 |
| Public Sector Organisations (retail) | 1,576 | 1,576 | 3,624 | 1,575 | 1,575 | 3,612 | -1 | -1 | -12 |
| Other Legal Entities (retail) | 4,525 | 4,525 | 7,979 | 4,554 | 4,554 | 7,971 | +29 | +29 | -8 |
| Housing (utilities management) Organisations, Homeowners Associations, Housing and Construction Cooperatives and Others (retail) | 1,084 | 1,084 | 1,238 | 1,105 | 1,105 | 1,371 | +21 | +21 | +133 |

OJSC Mosenergo has heat capacity reserves on most of its power plants. The Company faces a risk of a drop in heat sales as a result of an increase of temperatures during heating seasons (apart from 2009 and 2010), power saving policy, and the minimisation of construction within Moscow city limits.

Dolgoprudny, Mytishchi, Vidnoe, if such expansion is economically feasible;

3. reorganisation of Mosenergo's interaction with both existing and potential heat consumers; setting-up of a client service, as well as a service for key clients.

In order to mitigate these factors, OJSC Mosenergo is implementing a project aimed at increasing efficiency of the heat business. This project outlines several priority directions for the Company's operations which will lead to a short-term rise in heat sales:

1. transfer of some load from MOEK's regional thermal plants to Mosenergo's power plants as part of a city-wide power saving programme;
2. expansion of Mosenergo to satellite towns, such as

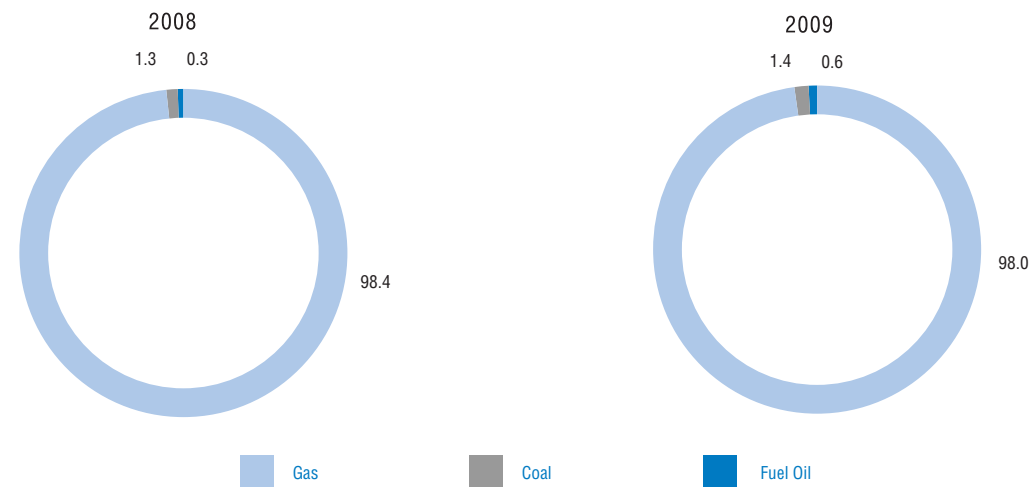
This project was launched at the end of 2009. We are expecting the transfer of load to the summer period as early as the summer of 2010. The increase of heat supply to the town of Mytishchi is scheduled for mid-2010; the start of the heat pipeline construction in the town of Dolgoprudny is planned for the end of 2010. A successful reform of the Sales Department, as well as organisational changes in regard to heat sales, will be completed in 2010. The effect from these operations is expected in 2011.

Fuel Supply

Natural gas continued to remain the primary type of fuel in the 2009 fuel balance. Natural gas accounts for 98% of the

Company's fuel balance structure. Coal (1.4%) and fuel oil (0.6%) were used by Mosenergo power plants as reserve fuel.

Fuel Balance Structure, %



Changes in the 2009 fuel balance structure compared to 2008: the share of gas went down by 0.47%, whereas the share of coal and fuel oil increased by 0.09% and 0.37%, respectively.

The increase of the share of fuel oil and coal was caused by a sharp temperature drop in December, when the major part of reserve fuel burning occurred.

A steady and uninterrupted fuel supply to all of Mosenergo power plants in 2009 was made possible by:

- full volume of gas supply under existing contracts, as well as the absence of restrictions on gas delivery;

- creation of ample fuel reserves, under Ordinances and Recommendations of the Russian Ministry of Energy, as well as Resolutions issued by the governments of Moscow and the Moscow Region;
- quality repairs of equipment used by fuel, transport and gas facilities;
- continuous control over the performance of fuel and transport facilities, as well as timely repair of detected defects.

The consumption of oil equivalent in the reporting year went down by 2.9% compared to the previous reporting period and amounted to 24,779 thousand tonnes of oil equivalent.

Fuel Consumption, Tonnes of Reference Fuel

| | 2009 | 2008 | Change |
|--------|-----------|-----------|--------|
| HPS-1 | 364,332 | 334,853 | +8.8% |
| TPP-3 | 141,122 | 141,043 | +0.1% |
| TPP-8 | 1,044,673 | 1,223,847 | -14.6% |
| TPP-9 | 544,178 | 559,171 | -2.7% |
| TPP-11 | 759,090 | 831,979 | -8.8% |
| TPP-12 | 1,150,776 | 1,184,878 | -2.9% |
| TPP-16 | 1,152,681 | 1,169,170 | -1.4% |
| TPP-17 | 312,473 | 345,754 | -9.6% |

Fuel Consumption, Tonnes of Reference Fuel (continuation)

| | 2009 | 2008 | Изм. |
|-------------------|-------------------|-------------------|--------------|
| TPP-20 | 1,691,449 | 1,782,192 | -5.1% |
| TPP-21 | 3,681,842 | 3,475,713 | +5.9% |
| TPP-22 | 3,366,835 | 3,566,925 | -5.6% |
| TPP-23 | 3,072,882 | 3,265,517 | -5.9% |
| TPP-25 | 2,871,984 | 3,328,893 | -13.7% |
| TPP-26 | 2,956,464 | 3,163,095 | -6.5% |
| TPP-27 | 1,668,076 | 1,152,369 | +44.8% |
| Total, TPP | 24,778,857 | 25,525,399 | -2.9% |

In 2009, the actual fuel rate of oil equivalent⁷ for the supply of electricity went down by 4.1% to 244.7 g/kWh; the actual fuel

rate of oil equivalent for the supply of heat dropped by 0.4% to 165.9 kg/Gcal.

| Electricity Generation Fuel Rate, grf/kWh | | Heat Generation Fuel Rate, kgf/Gcal | |
|---|-------|-------------------------------------|-------|
| 2009 | 2008 | 2009 | 2008 |
| 244.7 | 255.1 | 165.9 | 166.5 |

The primary factor which allowed a substantial increase in savings in 2009 was a 20.7% decrease in condensation cycle generation on the TPP steam-turbine plant.

As we have already mentioned, the decrease in electricity consumption in 2009 had a considerable impact on the operations of the Company's power plants. This decrease ultimately determined the load of TPPs. Another factor was the existence of steam-gas power units, which presently account for 11% of the Company's total electric capacity.

These factors allowed the Company to transfer some of the less fuel-efficient equipment to the cold reserve, as well as

increasing the specific share of steam-gas power units in electricity generation. This share reached 18% in the non-heating season, when the efficiency of steam-turbines was at its peak.

Optimal substitution of condensation-type electricity generation on steam plants for steam-gas units allowed the Company to considerably reduce unit costs for the supplied electricity. Despite the achieved success, the Company has not yet reached the limit of fuel use efficiency. One of the promising ways to improve fuel efficiency is to transfer the heat load from RTS to TPP.

Investment, Repair and Maintenance Activities

Investment Activities

The 2009 Investment Programme was the first to follow the new Guidelines for the Design of Mosenergo's Investment Programmes for One, Three and Ten Years.

The underlying principles of the investment programme include economic efficiency of investment, transparent objectives, as well as compliance with output goals and the Company's strategy.

The Company designed five types of investment projects:

- strategic projects to increase the TPP output, which would ensure a more efficient fuel burning and an increase in electricity and heat generation, as well as creating reserve

generating capacities in order to improve the safety of the Moscow Region power system;

- projects dedicated to improving the efficiency and facilitating the modernisation of the existing equipment;
- projects aimed at improving the safety of old generating capacities and TPP infrastructural facilities;
- mandatory projects carried out according to instructions of supervising entities and projects implemented under progressive industry requirements for generating companies;
- other investments with a minimal share. These projects include all necessary capex relating to managerial, socially-oriented and minor operations of the Company.

⁸ Calculated according to the physical analysis method

Investment Programme Implementation in 2009⁹

| Project Types | Mn Roubles before VAT |
|---------------|-----------------------|
| Strategic | 5,394 |
| Efficiency | 18 |
| Safety | 1,751 |
| Mandatory | 194 |
| Other | 473 |
| Total | 7,832 |

Within the implementation framework of Strategic Projects under the 2009 Investment Programme, the Company carried out the following operations on the primary new construction sites:

- TPP-26. Turnkey construction of power unit steam-turbine-420 at plant 8 was executed by the Alst Group. Total electric capacity of the new facility is 429 MW; heat capacity is 230 Gcal/hour. Commissioning of the new power unit is scheduled for 2010.
- TPP-12, 16, 20. Construction of steam-turbine-420. Total electric capacity of the new facility is 420 MW; heat capacity is 230 Gcal/hour. The Company considered the investment rationale for the construction, developed by Mosenergo. Commissioning of steam-turbine-420 at TPP-16 is scheduled for 2014. The Company is considering alternative options for TPP-12 and TPP-20.
- GTR-TPP is located in the town of Pavlovskiy Posad. Construction is completed. In October 2009, the Company commissioned two turbine units with an electrical capacity of 8 MW each and a heat capacity of 16 Gcal/hour.

Within the implementation of Efficiency Projects under the 2009 Investment Programme, the Company installed pump drive hydraulic couplings in six affiliate structures. The installation of pump drive hydraulic couplings will allow a reduction of power needed for the drives in the part load regime.

Repairs and Maintenance

In 2009, the Company launched a programme to optimise repairs and maintenance operations. As a result of these measures, the Company minimised the volume of repairs carried out internally in favour of outsourcing.

The Company adopted the Regulations on Mosenergo Maintenance Operations, which determined the primary directions and mechanisms of efficient management of equipment repairs and maintenance.

Thus, in 2009, when designing the repairs programme for 2010 within the allocated budget, we applied the ranking approach to repairs for the first time. It involved priority criteria developed for each type of equipment undergoing maintenance.

To improve the quality of planning and provide the rationale for expenses under the maintenance programme, the Company set up operations to:

Within the implementation of Safety Projects under the 2009 Investment Programme, the Company carried out the following operations to improve the safety of the primary equipment:

- electric:
 - we changed 22 110-500 kW switches (16 switches were changed under the investment projects carried over from 2008);
 - we changed or installed 39 phases of CT and VT of 110-500 kW (under the investment projects carried over from 2008);
- mechanical:
 - we changed live steam pipelines on 4 turbines and 3 power boilers (TPP-16, TPP-21, TPP-22, TPP-26), total - 397 t;
 - we changed high-temperature heating surfaces on 6 power boilers (TPP-8, TPP-17, TPP-21, TPP-23, TPP-26), total - 426 t;

Within the implementation of Mandatory Projects under the 2009 Investment Programme, the Company carried out the following operations:

- Setting-up of the automated environmental monitoring of Mosenergo and the transfer of data gathered at TPP-20, 21, 23, 25, 26 to the Public Managing Company 'Mosekomonitring'.
- The implementation of the gas analyser complex in order to control and record emissions on 22 power and water boilers.
- Mosenergo undertook 16 investment projects aimed at improving fire safety of its subsidiaries.

Within the implementation of Other Projects under the 2009 Investment Programme, the Company changed 3,962 metres of supply pipelines for Mosenergo heating mains.

Technical upgrade and reconstruction of the equipment of Mosenergo subsidiaries will allow the Company to maintain a high level of safety, reliability and efficiency of its equipment, as well as increasing sales of electricity and heat.

- create typical volumes and estimates for maintenance of the primary equipment;
- transfer services after the cost appraisal of operations for labour intensity;
- create groups of equipment to be repaired according to condition;

We are planning to use the results as early as 2011.

Under the 2009 repair programme, we revived the concepts of power system durability (a full-scale training which allows a transfer to the burning of reserve and emergency fuel) and fuel oil mobilisation of the Company (preparing the equipment to operate in the fuel oil regime).

In 2009, the Company fully completed all of the servicing programmes for the mechanical equipment according to the approved repairs schedules; the servicing was completed within set deadlines and allocated funding:

Number of Repairs in 2009

| Equipment | Major Repairs | Medium-Turn Repairs | Maintenance |
|--|---------------|---------------------|-------------|
| Units | 2 | 4 | 13 |
| Boilers | 11 | 9 | 84 |
| Turbines | 4 | 3 | 70 |
| GTU | 0 | 0 | 10 |
| PVK | 5 | 0 | 65 |
| Waste-Heat Recovery Boiler of the CCGT-450 | - | - | 13 |
| Gas Turbine of CCGT-450 | - | - | 13 |
| Gas Generator Turbine of CCGT-450 | - | - | 5 |
| Generators | 7 | 7 | |
| Transformers | 12 | - | 47 |
| Switches | | | |
| 110-500 kW | 14 | 3 | |

Volumes of Primary Repairs Aimed at Improving Efficiency and Safety of Mechanical Equipment

| Operations | 2009 | 2008 |
|--|------|------|
| Industrial repairs of turbine rotors | 9 | 23 |
| Replacement of turbine rotor blades / disks | 14 | 24 |
| Replacement of components in the flow-through part of turbine cylinders | 1 | 3 |
| Implementation of the forced steam cooling system for medium-pressure rotors (RSD-1) of T-250/300-240 turbines | 1 | 3 |
| Replacement of bearings in the lower support of the regenerating rotary air heater | 4 | 6 |
| Replacement of the heating surfaces of power boilers | 50 | 72 |

In 2009, the Company fully implemented measures for the special survey and diagnostics of the condition of metal.

Measures for the Special Survey and Diagnostics of the Condition of Metal

| Equipment | Special Survey of Primary and Supporting Mechanic Equipment | Maintenance Control of Mechanical Equipment Metal |
|---------------|---|---|
| Power boilers | 9 | 29 |
| Boiler drums | 12 | 6 |
| Turbines | 1 | 7 |
| Steam pipes | 20 | 84 |

In 2009, the Company completed rotor repairs on seven generators; the repairs involved the removal of the rotor end-winding retaining ring and performing a defect inspection.

When performing scheduled repairs on transformers T-97 of TPP-21 and T-96 of TPP-23, the Company replaced oil-filled bushings with 220 kW RIP-insulated bushings; 110 kW bushings were replaced on T-96 of TPP-8, T-60 R2 and T-60 R3 of TPP-23.

The Company performed diagnostics of 10 transformers on a special list, following a chromatographic analysis of dissolved gas (CADG), as well as undertaking measures to repair detected faults.

In 2009, we carried out repairs of buildings and facilities

of the Company's affiliates, within the scope of the annual programme, including:

- repairs and diagnostics of 37 smoke flues (27 smoke flues were repaired in 2008);
- overhaul and reconstruction of two cooling towers (No.1 at TPP-27 and No. 2 at TPP-23);
- maintenance of 21 fuel oil tanks (17 tanks in 2008).

In 2009, the Company carried out chemical washes on 3 power boilers and the access control system unit of power plant 4 at TPP-26, in order to ensure reliable and efficient equipment operation and compliance with management directives.

The total duration of repairs performed on primary equipment in 2009 amounted to 9,338 days (9,193 days in 2008).

⁹ According to Mosenergo management accounting

Duration of Repairs, Days

| Type of Repairs | 2009 | 2008 |
|----------------------------|---------------|---------------|
| Major repairs | 1,864 | 2,448 |
| Medium repairs | 674 | 1,176 |
| Maintenance | 6,558 | 5,348 |
| Maintenance 2 | 242 | 221 |
| Total Repair Site | 9,338 | 9,193 |
| Preservation | 3,913 | 2,003 |
| Servicing | 391 | 329 |
| Reconstruction | 512 | 804 |
| TOTAL, as Scheduled | 14,154 | 12,329 |

Efficiency and Safety of Production

In 2009, Mosenergo strived to increase efficiency and safety: we launched the 'Lean Production' project; initiated a project to set up a unified service for the Health Safety Environment System (footnote: see page 31); developed standard operating procedures for the prevention of hazards; conducted a full-scale staff training regarding the transfer of equipment to reserve and emergency fuel.

In March 2009, the Company started the implementation of the 'Lean Production' project. The key objectives of this project are:

1. Improving safety and efficiency of Mosenergo power plants through the implementation of initiatives introduced in the integrated programme for lean production.
2. Simplification of power plant organisation.
3. Optimisation of cooperation procedures between business units, clear job descriptions for each employee working at power plants affiliated with Mosenergo.
4. Improving power plant operations through the standardisa-

tion of indicators which influence TPP efficiency, as well as developing procedures enabling the operating staff to achieve stability for these indicators during TPP operations.

5. Standardisation of planning and repairs of electric equipment.

In 2009, the Company implemented measures for the waste-free output at TPP-23, TPP-21 and TPP-11. We approved the number of staff in the new organisation at TPP-25 and TPP-26. According to preliminary estimates, the annual effect of the measures implemented at the unit power plant will amount to approximately 200 mn roubles; the figure for the non-unit plant will be from 50 to 150 mn roubles, depending on capacity.

Mosenergo is planning to run the 'Lean Production' Project on all of the Company's power plants by 2012. These measures are aimed at a substantial reduction of long-term malfunctions and equipment failures due to a higher quality of planning and organisation of repairs, as well as improving the power plants' technical and economic indicators resulting from more economical operation of the equipment.

- activities performed following the test results from primary and supporting equipment. These activities are directed at increasing equipment efficiency;
- damage control related to the replacement, reconstruction and installation of new equipment.

Following the results of power saving projects performed in 2009, total power and fuel savings achieved by Mosenergo in terms of oil equivalent amounted to 34.2 tonnes, while cost savings reached 62.8 mn roubles. In addition, total expenditure for these power saving activities reached

46.0 mn roubles. This confirms the efficiency of measures implemented in 2009, since the expenses were recovered in less than a year.

One of the key components of the power saving policy is power inspections, which allow the determination of the power efficiency potential at each power plant. Starting from 2008, Mosenergo launched regular (recurrent) power inspections. In the reporting year, the Company conducted

regular power inspections of TPP-6 (affiliated structure of TPP-3) and TPP-12.

Mosenergo is a regular participant in the Moscow power saving programme; the Company makes annual contributions to the increase of power supply efficiency.

Taking into consideration the cost of power inspections, total annual expenditure amounted to 48.6 mn roubles.

Implementation of Indicators for the Power Saving Programme

| Indicator Name | Measurement Unit | Indicator |
|---|------------------|-----------|
| Savings of fuel and power resulting from the power saving programme, total | thous., tsf | 34.2 |
| Total electricity saved | mn kWh | 9.7 |
| including electricity saved by cutting expenses for: | | |
| power plant auxiliaries | mn kWh | 9.7 |
| Total fuel saved | thous., tsf | 31.8 |
| including by fuel type: | | |
| coal | thous., tsf | 0.1 |
| gas | thous., tsf | 31.4 |
| fuel oil | thous., tsf | 0.3 |
| The cost of resources saved due to the power saving programme | thous., roubles | 62 765.4 |
| The share of saved power resources in the total cost of fuel and power used | % | 0.1 |

SAP Implementation

In 2009 Mosenergo started the implementation of a full-scale project to improve and standardise business processes, as well as creating a strong system platform to ensure further development and growth of the Company's operational efficiency. The SAP system was rolled out within the three-year 'Changing of Management Standards and CIS Implementation' Programme, which the Company is implementing from 2009 to 2011. The first stage of this programme was titled 'Boost'. This stage was initiated in February 2009 and completed 11 months later, by January 2010.

The implementation of the new information system is carried out both within the Head Office and on all of the Mosenergo's power plants. The total number of system users reaches about 1,200 people. The unified platform will substitute numerous informational systems used in each affiliate, in order to increase operational efficiency and accuracy of information across the Company, as well as improving the flexibility of Mosenergo external operations.

In 2009 the Company adopted SAP decisions in order to manage the procurement process, stock management, sales, management budgeting and accounting, taxation and general accounting, investments, liquidity management and credit financing.

Following the implementation of the project's first stage, the Company substantially improved efficiency of procurement and created a clear and transparent procurement scheme: from initial ordering to payment. The new procurement system allows the monitoring of all stages of procurement, namely demand, proposal, bidding, contracts, supply and payment.

Following the implementation of SAP ERP and SAP BI systems, Mosenergo achieved many other valuable advantages: an opportunity to use a joint directory of materials and business partners created during the project implementation, as well as electronic contract negotiation and improvement of internal audit procedures.

Analysis of Financial Performance

Revenue

In 2009 sales revenue from commodity output (before VAT) reached 112.2 bn roubles, including sales of electricity and heat which amounted to 104.1 bn roubles; sales of other goods, works and services totalled 8.1 bn roubles.

Compared to 2008, revenue from commodity output grew by 18.4% and the revenue from power sales increased by 21.3%. Revenue growth was primarily accounted for by the rise in electricity and heat tariffs, as well as an increase in the volume of sold capacity due to the commissioning of new gas turbines.

Net Cost

Net cost of Mosenergo 2009 output amounted to 105.1 bn roubles, including power costs of 97.4 bn roubles and other commodity costs of 7.7 bn roubles.

Net cost of the main product output rose by 16.8%. Net cost before fixed asset amortisation increased by 13.8% (from 66.5 bn roubles to 75.7 bn roubles).

The increase in tangible costs in 2009 compared to the previous reporting period was primarily caused by an increase in fuel cost. The growth of fuel cost was primarily triggered by a 17% hike in gas cost.

Total expenditure in 2009 for maintenance of power plants, including contracted repairs, amounted to 4.9 bn roubles or 5.1% of all power generation costs.

Labour costs dropped from 9.0 bn roubles in 2008 to 8.1 bn roubles in 2009 (a decrease of 0.9 bn roubles or 10%).

The rise of heat transfer costs (3.5 bn roubles) is linked to a 2009 increase in tariffs for such services.

A considerable increase in spending for amortisation (57%) resulted from a revaluation, which was carried out in 2009, according to the Company's accounting policies.

On the whole, the growth rate for operational expenses was lower than revenue growth, which led to a rise in the Company's sales profitability.

Following the implemented measures, running costs were reduced by over 5%, compared to 2008. These savings resulted from the implementation of several initiatives, including:

1. the 'Lean Production' Project;
2. implementation of the integrated SAP information system;
3. centralisation of supporting operations in the subsidiaries;
4. carrying out efficient procurement procedures.

According to 2009 results, EBITDA reached 17.8 bn roubles, an increase of 9.5 bn roubles (210%) over 2008.

Other Gains and Expenses

The decrease of profits and returns on investments by 14.4 bn roubles and 15.3 bn roubles, respectively, happened mainly due to the acquisition and redemption of notes in 2008; the volume of such operations in 2009 was insignificant.

In 2009, the Company carried out a full-scale operation to reorganise the system for non-core asset management. Thus, in 2Q09 the Company redirected a cash inflow of 1 bn roubles from investment activities to the sale of the share in Transinvestbank. In 3Q09 and 4Q09 the Company sold a cluster of buildings on Raushskaya embankment and Agroholding Shaturskiy. These transactions had a considerable influence on the growth of income from and expenditure on the sale of other assets owned by the Company.

Furthermore, in 2009, the Company carried out a full-scale operation to reorganise the system of non-core asset management: apart from selling Agroholding Shaturskiy, the Company cut down the expenditure required for the maintenance of non-core assets; some of these assets were liquidated.

Net Profit

The Company's net profit after income tax and other compulsory payments amounted to 4.5 bn roubles. Net profit grew by 330% compared to 2008.

According to Article 8 of the Company's Charter, the amount of compulsory annual Reserve allocations is 5% of the Company's net profit before it reaches the required amount (5.0% of the Company's registered capital).

Liquidity and Loan Portfolio Management

Cash inflow from operations in 2009 outperformed 2008 results.

In 2009, the Company successfully carried out the offer on the

bond loan of 4.6 bn roubles (no bonds were produced), as well as making an initial issue of stock bonds for 2 bn roubles (one year maturity, annual interest rate of 11.45%) and five-year corporate bonds for 5 bn roubles (three-year offer, coupon rate of 10.25% per annum). The long exposure of the loan portfolio was substantially increased (up to 90% of the portfolio).

The weighted interest rate for leverage amounted to 12.8% p.a. in 2009. The increase of the weighted interest rate resulted from the unstable situation on the world and domestic financial markets and substantial fluctuations of currency and interest rates, and specifically, a considerable increase of the MosPrime rate.

In December 2009, Standard&Poor's noted a significant improvement of the Company's liquidity and removed the Company's rating from the 'negative revaluation' list.

The Company has no defaulted debts and loans.

The majority of the Company's loans have a variable interest rate.

The Company's Management takes steps to increase the share of long-term loans with a fixed interest rate.

Balance Structure Analysis

As of December 31, 2009 fixed assets went down by 2,408.6 mn roubles (from 134,978.9 mn roubles to 132,570.3 mn roubles), a decrease of 2% compared to the results registered on December 31, 2008.

Changes in fixed assets in the reporting period happened primarily due to:

- inflow of fixed assets amounting to 9,312.9 mn roubles; outflow of fixed assets reached 2,798.9 mn roubles (mainly due to sales);
- increase in accrued amortisation totalled 8,922.6 mn roubles (due to the revaluation).

As of January 1, 2009 the Company completed a revaluation of its fixed assets. The revaluation amounted to 41,947.1 mn roubles.

A decrease in 'construction-in-progress' assets of 3,748.9 mn roubles resulted from the implementation of the investment programme, which envisaged the allocation of fixed assets to the commissioning of facilities.

The fixed asset structure includes: accounts receivable - 63%, short-term investments - 22% and inventories - 8%.

In 2009, Mosenergo's current assets increased by 10,399.9 mn roubles or 22.1% over 2008. This increase is mostly attributed to changes in the accounts receivable.

Accounts receivable grew by 11,325.4 mn roubles, primarily due to advance payments to contractors for capital construction and equipment delivery.

Furthermore, 2009 saw a downturn in collection of accounts receivable under contracts for sales of electricity and capacity, which happened on the back of the credit crunch. This resulted in an increase of current accounts receivable. The Company's Management estimates these receivables as actually enforceable.

The Company maintains regular operations to enforce customer payments and recover defaulted receivables for the supplied power.

Advance payments in the reporting period increased due to growing amounts of advance payments for the capital construction of power units on TPP-26.

Mosenergo shareholder equity went up by 4,853.6 mn roubles, primarily due to an increase of the net profit volume, as well as following revaluation results.

Payables went up by 1,658.9 mn roubles, or 12.8% compared to 2008. The specific share of payables in the Company's balance currency at the end of the year amounted to 7%. All debts are current, incurred under contractual payment conditions.

Analytical Indicators of the Company's Financials

As of 2009 year end, the Company registered a positive growth trend for indicators of absolute and current liquidity, as well as for the financial stability indicator. The improvement of these indicators resulted from the restructuring of the Company's loan portfolio in favour of long-term loans, on the back of an overall decrease of loan debts.

A drop in the total assets turnover indicator was caused by the revaluation of several fund types, as of January 1, 2009.

An increase of the receivables turnover indicator is mainly linked to an increase in volume of advance payments allocated to capital constructions (43%).

The average amount of Mosenergo's balance currency grew by 2.2% as compared to 2008. In addition, the growth of revenue from commodity sales went up by 18.4%, over 2008.

The growth of sales profitability, commodity output and aggregate capital resulted from the following factors:

- revenue growth rates outperformed the rate of cost growth;
- other gains increased as a result of the reorganisation of the non-core asset management system.

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

Social Responsibility

Human Resources Management and Social Programmes

Headcount and Structure of Personnel

As of December 31, 2009 the number of Mosenergo employees reached 11,124.

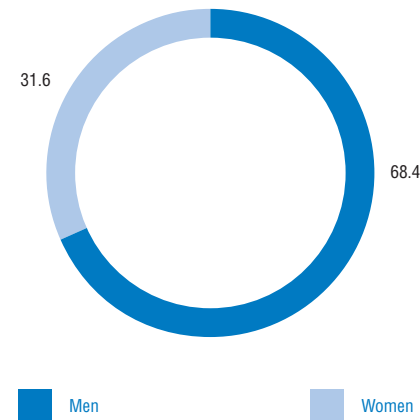
Образовательный уровень работников ОАО «Мосэнерго» The education level of Mosenergo's staff is sufficiently high.

3,935 Company employees have higher education, which amounts to 34.7% (29.4% in 2008),

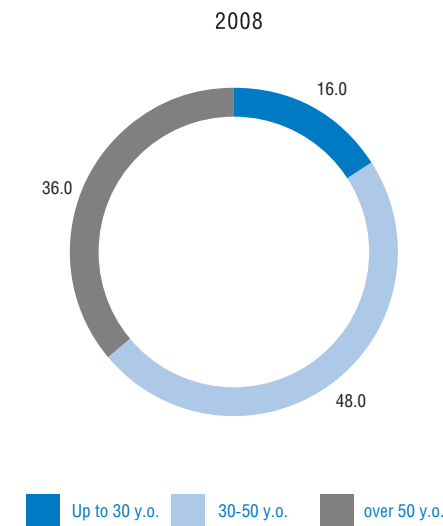
25.6% of the staff has vocational training (24.4 % in 2008).

51 employees have post-graduate degrees. The Company employs 46 candidates of science and 5 employees with PhD degrees.

Staff Structure, %



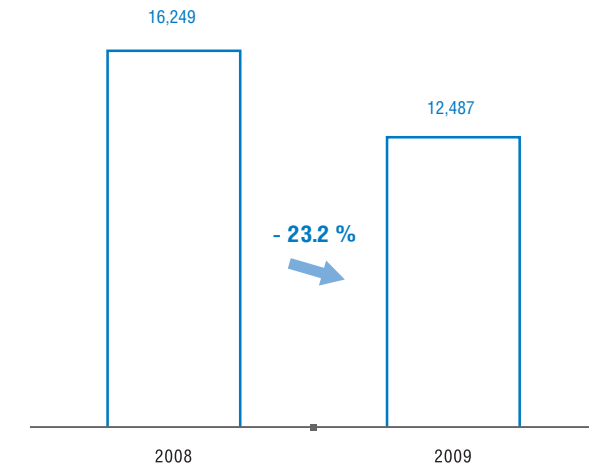
Staff Age Structure, %



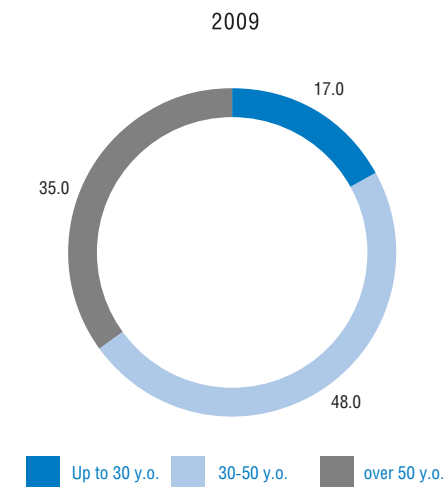
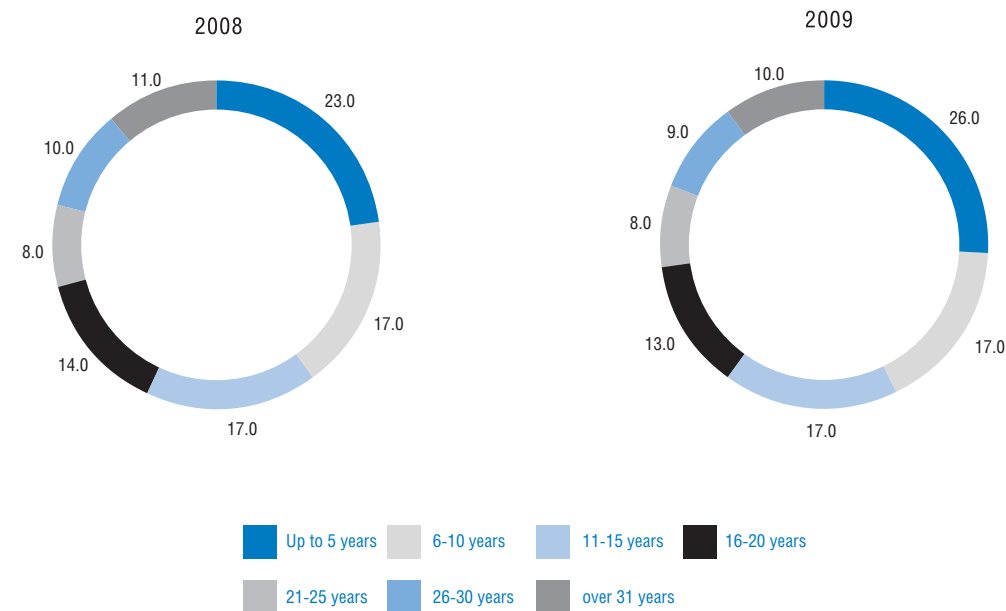
Changes in the Number of Staff and Average Monthly Wages

In 2009, there were 12,487 staff on payroll, which decreased by 3,762 employees compared to the previous reporting period (16,249 people in 2008).

Number of Staff on Payroll



Staff Structure by Length of Employment in Mosenergo, %



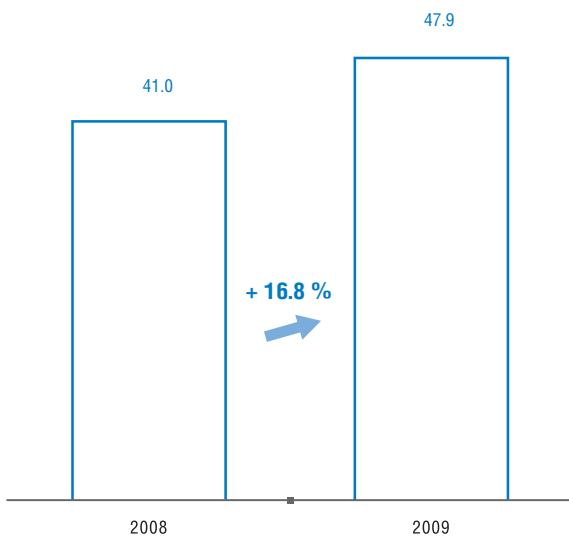
The number of staff changed due to several factors:

- optimisation of the structure of power plant supporting operations through outsourcing, as well as the centralisation of administrative and supporting operations in the Head Office of Mosenergo;
- reorganisation of maintenance and other affiliates through the outsourcing of such functions as equipment design and procurement, construction of power facilities and creation of an EPC-contractor, TEK Mosenergo, as well as the redistribution and transfer of functions previously performed by Power Connections and IT Centre to the Head Office;
- reorganisation of the non-core assets management system, which involved: liquidation of several non-core assets (medical and sanitary division, canteens and retail outlets).

The average monthly wage of Mosenergo's internal staff in 2009 amounted to 47.9 thousand roubles, which is 16.8% higher than last year.

The share of Mosenergo employees over 55 went down by 1.2% (16.2% in 2008) and amounted to 15% in 2009.

Average Monthly Wage per Employee, thous. roubles



| Section | p. |
|-----------------------------------|------------|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

Staff Motivation System

According to target development objectives for 2009, the Company carried out the implementation of new staff motivation and performance appraisal methods. The key objective is to set up a transparent and flexible system, which will focus on employee job specifics in various divisions, as well as creating a strong correlation between staff performance and remuneration.

The following changes were introduced in the reporting year:

- 1) implementation of the new salary system which increased the monetary share in salaries;
- 2) creating unified standards for the staff motivation system across all of the Mosenergo's power plants;
- 3) development and implementation of key performance indicators (KPI) for the Company's production personnel; the indicators became the basis for the calculation of wages and bonuses.

Staff Education and Development

In 2009, the Company launched the Recurrent Performance Appraisal Project. The active implementation phase of this project is scheduled for the beginning of 2010. The new updated system of recurrent performance appraisal is aimed at creating a performance management system, the development of cooperation and mutual aid, as well as establishing a continuous professional and career development of employees. According to the Guidelines for Staff Training, Mosenergo offered training, retraining and advanced staff training throughout 2009.

As a result, 4,244 members of the general staff and 3,621

managers and specialists completed training and advanced training courses. The training took place in the New Educational Facility 'CPK Mosenergo', as well as in external accredited educational institutions. Furthermore, more than 1,100 members of the Company's staff completed training within the framework of the Boost SAP Implementation Project.

Social Programmes

The Company's social policy is the responsibility Mosenergo fulfils as a reliable employer.

Mosenergo has a strong focus on employee health. The voluntary medical insurance programme is an important part of Mosenergo's social package. This programme provides healthcare support and disease prevention. In 2009, the Company conducted an employee satisfaction research regarding the quality of services provided under the programme. According to the survey of 596 employees, 90 % of staff members were generally satisfied with the quality of hospitals and clinics and would use their services again.

To facilitate health and well-being of the employees, the Company provides staff members and their families with the benefit of exercise in the Company's gymnasiums. Furthermore, in 2009 Mosenergo participated in the staff summer Olympics organised by Gazprom. Pre-event training secured successful performance of the Company's athletes: around 700 employees competed in nine sports during Mosenergo's Olympics.

Mosenergo continues to implement Occupational Pension Scheme; the Company also introduced a one-off payment of 40,000 roubles for WWII veterans, as well as the payment of 25,000 roubles to people employed in the war effort. 900 people received compensation.

In 2009, the Company signed a union contract with employee representatives, namely Moscow Municipal Committee and Moscow Regional Committee. The contract was based upon the Labour Code of the Russian Federation and the Power Industry Tariff Agreement. The union contract of 2009 was modified to increase various rates and payments.

The contract is based on principles of equality, respect and regard for rights and legitimate interests of the parties to Mosenergo's social partnership, as well as principles of voluntarism, legality and incurring and fulfilling of responsibilities.

In 2009, Mosenergo developed the Regulations which govern the organisation of recreational activities for employees and their children. Sports and healthcare summer camps provided recreational activities for 440 children of the Company's employees

Occupational Health and Safety

Due to the restructuring of the occupational health and safety management system in 2009, the Company had an

opportunity to implement a unified occupational health and safety policy and to reduce the decision-making time, as well as to determine primary short- and long-term directions for the development of occupational health and safety in the Company.

Within the implementation framework of the Mosenergo Management's policy aimed at ensuring occupational health and safety in the Company, we are undertaking the following measures:

- monthly Occupational Health and Safety Day, scheduled and random work place inspections;
- providing the staff with certified materials for individual and communal protection kits and devices ensuring safe

- performance of operations;
- providing staff with occupational health and safety training and professional development; organising occupational health and safety drills;
- thorough education of staff on the instances of workplace injuries;
- participation in industry and inter-industry exhibitions on occupational health and safety;
- equipping and fitting out areas dedicated to accident prevention;
- providing, prior to the start of repairs, special CPR training using human manikins to managers, producers, headmen, shift engineers, foremen of special programmes, as well as to all other staff.

Occupational Health and Safety Costs, thous. Roubles¹⁰

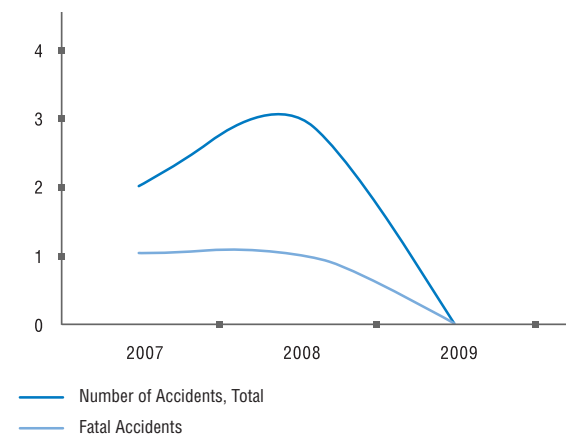
| Name of Expense | 2009 | 2008 |
|---|---------|---------|
| Total occupational health and safety expenditure, including: | 247,003 | 186,383 |
| – accident prevention activities; | 10,237 | 6,471 |
| – activities aimed at preventing workplace-related illnesses; | 62,029 | 36,173 |
| – activities aimed at improving general working conditions; | 144,348 | 105,516 |
| – providing employees with means for individual protection; | 30,389 | 38,223 |

| Section | p. |
|-----------------------------------|------------|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

Organisation and Implementation of Activities Dedicated to Psychophysiological Support of Staff Professional Operations

According to Mosenergo's Ordinance published on December 12, 2005, the service is responsible for the psychophysiological supervision of professional competencies of new staff, as well as the staff being promoted to executive positions. Starting from 2Q09, the Company has been organising an ongoing training to improve employee self-control and prevent misjudgement and occurrence of incidents. This year, the Company organised 13 training sessions for 98 employees. The Company also organised restoration facilities helping to improve the efficiency of production personnel working day and night shifts, as well as helping to deal with the post-traumatic shock after injuries: in 2009, the Company organised 1,089 of these recovery sessions. We provided 272 psychological consultations for production personnel and managers aimed at decreasing the risks of misjudgement.

Mosenergo Accident History, Instances



¹⁰ According to Mosenergo management accounting

Commitment to Environmental Protection

Mosenergo maintains productive cooperation with Russian organisations, as well as scientific and educational establishments successfully working in the field of environmental protection and environmental safety.

Environmental issues are resolved in close cooperation with public authorities authorised to regulate conservation activities of enterprises in the Moscow Region.

In 2009, Mosenergo's expenditure on conservation activities amounted to 154.6 mn roubles.

Mosenergo's Expenses on Conservation Activities, thous. Roubles¹¹

| | 2007 | 2008 | 2009 |
|---|----------------|----------------|----------------|
| Activities other than basic (net cost) | 102,143 | 86,064 | 58,781 |
| Activities other than basic (non-sale expenses) | – | – | – |
| Waste recycling (net cost) | – | – | 43,192 |
| Investment activities | 94,060 | 97,031 | 52,628 |
| Environmental surveys | 12,116 | 10,852 | – |
| Equipment which does not require assembly | 1,946 | 1,381 | – |
| Total | 210,264 | 195,327 | 154,601 |

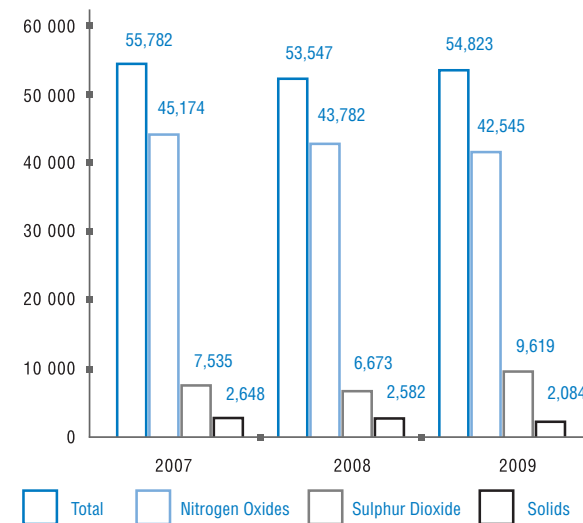
In 2009, target emission standards for any of the ingredients were not exceeded across all power plants.

The Company's measures for environmental protection in 2009 resulted in:

- a slight increase of emissions of pollutants on the Company's power plants by 2.4% compared to 2008 or by 53.5 thousand tonnes to 54.8 thousand tonnes, including by the ingredient:
- the quantity of solid pollutants went down from 2.6 thousand tonnes to 2.1 thousand tonnes of by 0.5 thousand tonnes (19.3%);
- the quantity of sulphur dioxide emissions went up from 6.7 thousand tonnes to 9.6 thousand tonnes of by 2.9 thousand tonnes (44.1%);
- the quantity of nitrogen oxide emissions went down from 43.8 thousand tonnes to 42.5 thousand tonnes of by 1.3 thousand tonnes (2.8%);

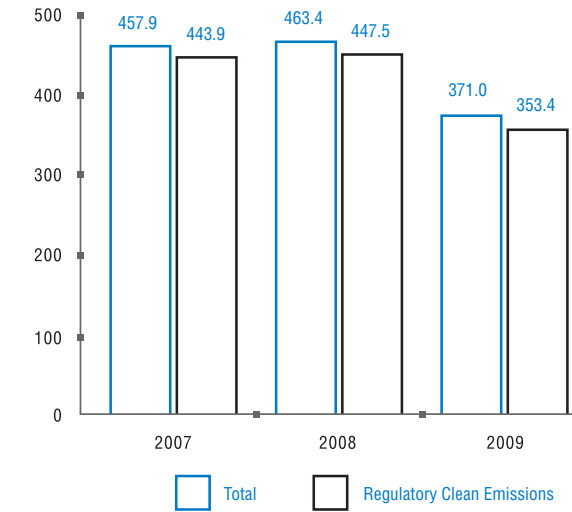
The increase of sulphur dioxide emissions occurred due to a rise of the quantity of burnt fuel oil and coal resulting from unusually cold weather conditions.

Dynamics of Mosenergo's Emissions, t



- Total volume of water emissions in surface waters amounted to 371.0 mn cubic metres, including 353.5 mn cubic metres of regulatory clean emissions and 17.5 mn cubic metres of treated emissions. The reduction of emissions volumes over 2008 amounted to 92.4 mn cubic metres.
- Total volume of waste went down by 58 thousand tonnes and totalled 140.3 thousand tonnes.

Mosenergo's Water Emissions, mn cubic metres



Office will be expanded by a division responsible for issues of occupational safety and environmental protection, as well as for the development of Regulations governing these activities in the Company.

Under the project, the Company is planning to implement two pilot modules:

- prevention and emergency response to worst-case situations;
- technical audit.

The implementation of OC and EP modules will be integrated in the programme of activities dedicated to TA, OC, EP and worst-case situations by 2015; the implementation of these functions will be carried out by the units' management.

The implementation of pilot modules means the implementation of all integrated measures regarding these issues, as well as establishing standard operating procedures, training of staff working in the Head Office and TPP, development of action plans for worst-case situations, as well as the launch of the implementation process for these activities and supervision of their execution.

Expected results:

1. Steady decline of indicators for injuries and accidents in the Company, reaching average European figures by 2015.
2. Improvement of quality of operations aimed at preventing worst-case situations, as well as an increase of response times and performance of activities dedicated to emergency response.
3. Minimising environmental impact.

The recertification audit conducted in Mosenergo in 2009 confirmed that the Company's Environmental Management System complies to the international ISO 14001-2004 standard. The audit was performed by the Bureau Veritas Certification Body.

Establishing of the Advanced Health Safety Environment System

In 2009 the Company initiated the project titled 'Creating of the Unified Technical Audit, Occupational Safety and Environmental Protection Service' (TA, OS and EP). This project was developed in compliance with the best international practice, based on minimising risks and after-effects of dangerous situations, protection of the Company's interests through high internal standards of occupational and industrial safety, as well as environmental protection.

The project task group includes employees of the technical audit, technical service, corporate security, as well as representatives of the Roland Berger Strategy Consulting company. Within the framework of the project, the structure of the Company's Head

¹¹ According to Mosenergo management accounting

Corporate Governance

Underlying Principles

The Company defines corporate governance as a totality of procedures dedicated to the management and supervision of activities and including relations between shareholders, BoD and executive bodies of OJSC Mosenergo. The Company considers corporate governance as a way to build on competitiveness, strengthen the reputation, and protect rights and interests of its shareholders.

Underlying principles of the Company's corporate governance are laid out in the OJSC Mosenergo's Corporate Governance Code and are based on the legislative regulations of the Russian Federation, the Company's Charter, Corporate Governance Code recommended for use by FCSM's decree o. 421/p dated April 4, 2002, as well as on the corporate governance principles recognised in the international practice.

The Company's corporate governance is based on the following:

- BoD's accountability to shareholders and the accountability of the Company's executive bodies to the Company's management bodies, as well as trust regarding relations between all participants of the corporate governance.
- safety and efficiency of stock ownership rights and a possibility for unrestricted and fast carve-out of stock owned by shareholders, as well as providing shareholders with access to effective protection in case of breach of privileges;
- transparency of activities, disclosure of accurate information on important facts and the information about the Company's activities, providing required access to the information, as well as maintaining reasonable balance between the Company's transparency and pursuit of its commercial interests;
- Company's social responsibility, including adherence to quality standards, environmental regulations and creating the most advanced working conditions;
- adherence to ethical norms preventing staff misuse of official positions, which can damage both the Company and third parties, including illegal use of confidential and insider information.

Mosenergo's strategy for the improvement of corporate governance mechanisms involves the activation of operations of the BoD's committees, better quality of document preparation for BoD's meetings, including through preliminary discussion of issues to be addressed at BoD's meetings within the framework of committee operations and cooperation between the Company's divisions and representatives of its shareholders.

In order to improve corporate governance, Mosenergo is planning to approve the new draft of the Company's

Charter, as well as internal documentation of the Company regulating corporate bodies at the Annual General Meeting of shareholders in 2010. The approval of these documents is within the competency of the General Meeting of the Company's shareholders.

The most important objectives of the corporate governance in Mosenergo are the following:

- safeguarding the balance of interests of all shareholders, as well as other persons interested in the continuous development of the Company;
- maintaining the required level of transparency and access to the Company's information;
- organisation of operations of the BoD's committees with the participation of representatives of large-stake holders, Company's specialists and independent experts;
- active participation of the Company in management of its affiliate structures, the participation of the Company' representatives in assemblies, meetings of the executive bodies and other corporate events of the Company's affiliates, non-profit and other organisations where the Company acts as a member;
- separation of non-core business activities, optimisation of the Company's structure and the reduction of management cost.

The management bodies of the Company are the General Meeting of Shareholders and the Board of Directors. The executive bodies of the Company are General Director and the Executive Board. Supervision of the Company's financial and business activities is the responsibility of the Mosenergo's Audit Committee.

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of OJSC Mosenergo, which allows shareholders to exercise their right to take part in the Company's management, as well as gives them access to the information about the Company's activities, achievements and plans. The procedure for preparation and holding of general meetings of shareholders complies with legislature of the Russian Federation. This procedure is defined in the Company's Charter and in the Regulations on the General Meeting of Shareholders of OJSC Mosenergo; it follows the optimal corporate governance practice. The established procedure guarantees equal treatment of all shareholders of the Company.

The General Meeting of Mosenergo's Shareholders dedicated to the Company's results in 2008 took place on June 30, 2009. During the meeting, shareholders approved Mosenergo's annual report for 2008 and the Company's accounting report including the income statement and profit allocation according to the results achieved in 2008 (it was decided not to pay dividends on the Company's common stock according to 2008 results). Furthermore, Mosenergo's shareholders elected new members of the Board of Directors and the Company's Audit Commission, approved the Company's Auditor, resolved the payment of bonuses and compensations to the members of the BoD and the Audit Commission according to the

Company's applicable Regulations. Moreover, the new draft of Mosenergo's Charter, as well as the following new drafts of the documents regulating corporate bodies were approved at the Meeting:

- the new draft of the Regulations on the General Meeting of Shareholders of the Open Joint Stock Company of Power Industry and Electrification Mosenergo;
- the new draft of the Regulations on the Board of Directors of the Open Joint Stock Company of Power Industry and Electrification Mosenergo;
- the new draft of the Regulations on the Executive Board of the Open Joint Stock Company of Power Industry and Electrification Mosenergo;
- the new draft of the Regulations on the General Director of the Open Joint Stock Company of Power Industry and Electrification Mosenergo;
- the new draft of the Regulations on Procedures for Remuneration and Bonuses to Members of the BoD of the Open Joint Stock Company of Power Industry and Electrification Mosenergo.

Board of Directors and its Committees

The Board of Directors of OJSC Mosenergo is the Company's governing body according to the Federal Law 'On Joint Stock Companies' and the Company's Charter. The Board of Directors is the general supervisor of the Company's activities, with the exclusion of resolving issues under the authority of the General Meeting of Shareholders.

Members of Board of Directors of the OJSC Mosenergo as of December 31, 2009¹²:

1. Kirill Gennadievich Seleznev (Chairman)
2. Pyotr Pavlovich Biryukov
3. Anatoliy Anatolievich Gavrilenco
4. Valeriy Alexandrovich Golubev
5. Alexander Pavlovich Dushko
6. Igor Vyacheslavovich Ignatov
7. Alexey Alexandrovitch Mityushov
8. Olga Petrovna Pavlova
9. Vladimir Nikolaevich Silkin
10. Evgeniy Viktorovich Sklyarov
11. Denis Vladimirovich Fyodorov
12. Nikolay Grigorievich Shulginov
13. Vitaliy Georgievich Yakovlev

New members of the Board of Directors were elected at the General Meeting of Shareholders of OJSC Mosenergo on June 30, 2009. Furthermore, according to the voting results at the Annual General Meeting of Shareholders, two members of the Board of Directors were relieved of their authority: B. V. Budzulyaka and Y.A. Udaltsova. These members were replaced on the Mosenergo's Board of Directors by: A. P. Dushko - Deputy Head of the Finance and Economics Department of OJSC Gazprom and I.V. Ignatov - Deputy Head of the Property Department of Moscow City.

At the first meeting, the newly elected Board of Directors appointed K.G. Seleznev as its Chairman and P.P. Biryukov as

¹² Additional information about members of the BoD is provided in paragraph 6.6. of the Annual Report

Deputy Chairman.

During 2009 the BoD of OJSC Mosenergo held 16 meetings dealing with 126 issues.

The most important issues considered by the BoD in 2009 are the following:

- approval of OJSC Mosenergo Business Plan for 2009;
- approval of OJSC Mosenergo Investment Programme for 2009;
- issues regarding the preparation for the General Meeting of Shareholders, including recommendations to the Meeting of Shareholders regarding profit allocation and approval of the Company's Performance Report for 2008;
- appointing members of the BoD's Committees;
- appointing members of the central procurement unit of the Company and determining its work schedule, as well as introducing amendments to local regulatory documents of the Company, dedicated to the organisation of procurement;
- approval of OJSC Mosenergo Union Contract for 2009;
- preliminary approval of the transaction with BNP Paribas regarding the refinancing of the contract with ALSTOM (Switzerland) Ltd, Alstrom, Ltd and EMAllyans, Ltd.;
- decision regarding the course and objectives of the Company's preparation for autumn and winter of 2009 and 2010;
- approval of OJSC Mosenergo Insurance Programme for 2010.

Furthermore, BoD considered the following issues:

- about the approval of important conditions of interest party transactions, as well as real estate transactions;
- about the Company's position on the agenda of General Meetings of Shareholders (Equity Holders) and Meetings of the Boards of Directors of subsidiaries and affiliates structures of OJSC Mosenergo;
- other issues under the competency of the Company's Board of Directors.

In 2009, the most important issues under the authority of the Company's BoD were tentatively discussed by the BoD's Committees. The Company has set up the following committees: Audit Committee, Strategy and Investment Committee, Staff and Remuneration Committee, Safety Committee.

Members of the BoD's Committees, which started working after the Annual General Meeting of Shareholders held on June 30, 2009, were elected at the Meetings of the BoD on August 21, 2009.

In the previous year, Committees of the BoD developed and submitted for approval to the BoD recommendations regarding the following issues:

- approval of OJSC Mosenergo Business Plan for 2009;
- approval of OJSC Mosenergo Investment Programme for 2009;
- issues regarding the preparation for the General Meeting of Shareholders, including recommendations to the Meeting of Shareholders regarding profit allocation and approval of the Company's Performance Report for 2008;
- other issues important for the Company.

| Section | p. |
|-----------------------------------|------------|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|------------|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

Audit Commission

In order to exercise control over the Company's financial and business activities, the General Meeting of Shareholders elects five members of the Audit Commission.

The Company's Audit Commission operates according to the legislation of the Russian Federation, the Company's Charter and the Regulations of the Company's Audit Commission.

The Company's Audit Commission conducted an audit of documentation regarding financial and business operations of OJSC Mosenergo in 2009. Based on the results of this audit and the Report of the Company's Auditor, the Audit Commission prepared a Certificate confirming the accuracy of the information contained in reports and other financial documents of the Company in 2009.

Audit Commission Members

- Andrey Viktorovich Belobrov, Deputy Head of the Department - Head of the Department for Control of Organisations Providing Reliable Operations of the Gas Supply System in the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom.
- Elena Vladimirovna Goldobina, Chief Economist of the Department for Control of Organisations Providing Reliable Operations of the Gas Supply System in the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom.
- Rafael Vladimirovich Ishutin, Head of the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom.
- Vitaliy Anatolievich Kovalev, Deputy Head of the Department for Control of Organisations Providing Reliable Operations of the Gas Supply System in the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom.
- Evgeniya Sergeevna Naumenko, Deputy Head of the Department of Corporate Control in the Department for Property Management and Corporate Relations of OJSC Gazprom.

Executive Board

Executive Bodies

Management of OJSC Mosenergo's current operations is carried out by a single executive body: General Director and a collegiate body, the Executive Board.

General Director is elected by the Board of Directors. Members of the Executive Board are elected by the BoD; the number of members is also determined by the BoD.

According to the Company's Charter, General Director performs the functions of Chairman of the Company's Executive Board.

Rights and obligations of the General Director and members of the Executive Board pertaining to managing current operations of the Company are determined by legislation of the Russian Federation, the Company's Charter, the Regulations on the Company's General Director and the Regulations on the Company's Executive Board.

At the BoD meeting held on February 13, 2009, the Company's BoD amended the number of members of the Executive Board to 13. The BoD terminated the authority of several members of the Executive Board, namely Y. E. Dolin, N.M. Sandler and L.M. Tsenin. The BoD determined the number of members on the Executive Board at 11. The BoD elected new members of the Executive Board: A.I. Dmitriev, Deputy General Director of OJSC Mosenergo for procurement and production furnishing, V.Y. Tul'skiy, Investment Director of OJSC Mosenergo.

Members of Executive Board of the OJSC Mosenergo (as of December 31, 2009):

1. Vitaliy Georgievich Yakovlev (Chairman)
2. Elena Viktorovna Andreeva
3. Svetlana Vladimirovna Antonova
4. Dmitri Alexandrovitch Barshak
5. Ivan Vasilievich Galas
6. Artyom Igorevich Dmitriev
7. Nikolay Alexeevich Zroychikov
8. Alexander Sergeevitch Ivannikov
9. Vladimir Valentinovich Sergeev
10. Vasiliy Yurievich Tul'skiy
11. Anna Sergeevna Tsaregorodtseva

The major objectives of Mosenergo's Managing Board are:

- safeguarding rights and legitimate interests of the Company's shareholders;
- developing proposals for the Company's development strategy;
- implementing financial and business policy of the Company, making decisions on the most topical issues of the Company's current business operations and coordinating the work of the Company's divisions;
- improving the efficiency of the systems of internal control and risk monitoring;
- ensuring the achievement of a high level of returns on the Company's assets and maximum return on the Company's operations.

Remuneration

According to the Company's Charter and the decision of the General Meeting of Shareholders, members of the Company's BoD are entitled to remuneration and/or compensation of expenses incurred while performing their functions as on the Company's BoD during their membership. The amount of such remunerations and compensations is determined by a decision of the General Meeting of Shareholders.

Amount, type and procedure for payment of remuneration and

compensations to members of the BoD of OJSC Mosenergo are determined in the Regulations on Determination of the Amount of Remuneration and Compensations to Members of the BoD of OJSC Mosenergo, approved by the General Meeting of Shareholders on June 30, 2009. According to these Regulations, the remuneration for members of the BoD consists of the basic and additional parts.

The basic part of the remuneration constitutes the remuneration paid to members of the Company's BoD for their participation in the meetings of the BoD. The amount of the paid remuneration is equivalent to four minimal monthly rates of a first labour grade worker, set by the industrial agreement of the Electricity and Power Complex of the RF.

The additional part of the remuneration is paid to members of the Company's BoD according to the results of the financial year, if such results include net profit of the Company. The total amount of the additional part of the remuneration based on the Company's performance shall not exceed five per cent of the Company's net profit, gained according to the results of the financial year when current members of the BoD were elected into office.

The additional part of the remuneration based on the Company's performance is not paid to members of the BoD who attended less than half of all meetings of the BoD (from the date of the election and until termination of the authority).

The aggregate amount of the remuneration paid to members of the BoD in 2009 totaled 13,965,557 roubles.

The payment of remuneration and compensation to members of the Audit Commission is carried out according to the Regulations on Payment of Remuneration and Compensations to Members of the Audit Commission of OJSC Mosenergo, approved at the General Meeting of Shareholders on May 30, 2002.

Members of the Audit Commission receive a one-off payment for their participation in the audit of financial and business activities of the Company. This amount paid equals three minimum monthly wages of a first labour grade worker. Furthermore, members of the Company's Audit Commission are entitled to additional payment for each audit of the Company's financial and business activities; the amount of such payment equals up to twenty minimum monthly wages of a first labour grade worker.

Members of the Audit Commission are reimbursed for their travelling expenses related to their participation in meetings of the Audit Commissions related to inspections, according to regulations in force at the moment of such meetings or such inspections.

The amount of remuneration paid to the Chairman of the Audit Commission had been raised by 50%.

The total amount of remuneration, allowances and compensation paid to members of the Company's Audit Commission in 2008 reached 382,157 roubles.

The amount of remuneration of the Company's General Director is determined according to the System of Incentives for the General Director of OJSC Mosenergo (approved by a decision of the Company's BoD on November 6, 2009); this System includes official salary and quarterly bonuses based on KPI.

The amount of remuneration of members of the Company's Managing Board is determined by a decision of the BoD of OJSC Mosenergo (Minutes 15 of the Meeting held on January 30, 2006); this amount is paid in shares of the salary established by the Company.

The aggregate amount of remuneration paid for performing job functions in 2009 to members of the Managing Board totaled 2,364,990 roubles.

Changes in the Company's Structure

In order to achieve strategic objectives and solve current tasks of OJSC Mosenergo, the Company is enhancing its organisation.

Within the framework of activities aimed at optimisation of the organisation and property management of OJSC Mosenergo in 2009, the BoD made decisions to liquidate several subsidiaries of OJSC Mosenergo. TPP-6 subsidiary was liquidated through merger with TPP-3. TPP-28 subsidiary was liquidated through merger with TPP-21. The Company also liquidated the following subsidiaries: The Enterprise for Production and Technological Integration (EPTI), Pilot Plant for Automation and Instruments (PPAI), Special Design and Technological Department for High-Voltage and Cryogenic Technology (SDTD HVCT), Mosenergospetsremont (MESR), Moscow Design Office for the Development of Power Facilities (MEF) and the Medical Service. Corresponding amendments were made in the Company's Charter.

In the reporting year the BoD also resolved to liquidate such subsidiaries as the IT Centre and Thermal Networks. The Company is working on the liquidation of the Central Repairs and Mechanical Factory, Mosenergonaladka (MEN), Moselectroremenergo (MERE), Sales and Output Enterprise for Operations Supply (Energotorg).

Part of the functions which were previously performed by the subsidiaries undergoing the liquidation will be transferred to other subsidiaries and the executive administration of OJSC Mosenergo, several other functions will be outsourced to specialised contractor organisations according to modern principles of business process organisation.

In order to cut down minor operations and to optimise repairs and servicing of the production process, the BoD of OJSC Mosenergo resolved to create a 100%-owned subsidiary, namely the Central Repairs and Mechanical Plant, Ltd. (CRMP, Ltd.) The public registration of CRMP, Ltd. took place on November 23, 2009.

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

Additional Information

Mosenergo's History

Mosenergo's history is closely connected to the history of the development of Russia's economy, society and culture.

- The Joint Stock Company of Electric Lighting was founded in 1886 by Carl Fyodorovich Siemens, a Saint-Petersburg merchant of the First Guild, who was the Head of the Siemens&Halske Representative Office. Although the Company was founded in Saint-Petersburg, the new enterprise's managing board raised a concern to prepare ground for the company's operations in Moscow at its first meeting.
- On July 31, 1887 the managing board of the '1886 Society' approved the contract to set up electric lighting of the Postnikova Passage on Tverskaya street in Moscow. This date is acknowledge as the founding date of the power system in the Moscow region.
- At the end of 1888 the company successfully completed the task to construct the first centralised power plant: electric power was supplied by Georgievskaya power plant. On November 28, 1897 the company hosted a festive celebration for the opening of the Moscow Municipal Power Station (MMPS) Raushskaya (now HPS-1), and on February 15, 1907 the company launched the second station - MMPS-2 Tramvaynaya.
- In 1912, the company commenced the construction of the world's first district power station operating on peat in the Bogorodsk district. In April of 1913 the new company, Joint Stock Moscow Society Elektroperedacha was founded to utilise the capacity generated by the new station. The station itself started operating in 1914, and in 1915 it was transferred to work in parallel with the Raushskaya station.
- Joint stock companies of the Electric Lighting 1886 Society and Elektroperedacha successfully operated until October 1917. After the October Revolution the stations were nationalised and ceased operations under their previous ownership in December 1917.
- The management of state power stations was delegated to the Power Department of the Supreme Council of Public Property. At the same time, in December 1917, Ivan Ivanovich Radchenko and Alexander Vasilievich Vinter developed and suggested proposals for further development of Moscow power industry. These proposals became the basis for the first State Plan for the Electrification of the whole country, GOELRO.
- In December 1920, the GOELRO plan was ratified by the VIII All-Russia Soviet Council. According to the plan, the volume of capacity of the Moscow power system should have quadrupled in 10 to 15 years. Total capacity should have increased from 93 to 340 thousand kW.
- Following the GOELRO plan, several stations were built in

the Moscow region, namely Kashirskaya TPP (now TPP-4), Shaturuskaya TPP (now TPP-5), Krasnopresnenskaya TPP (now a subsidiary of TPP-12), TPP-6 and TPP-8. One of the key events of the period was the completion of the Russia's first 110 kW voltage power line between Kashira and Moscow, as well as two-circuit ring of power lines and electric power substations around Moscow with the voltage of 115 kW. The installation of the power ring gave Moscow a reliable power supply system.

- In 1930s workers of the Moscow power supply system known until 1932 as MOGES (Unified Management of Power Stations of the Moscow Region), started operations dedicated to centralised district heating of the metropolis. March 1931 saw the launch of the first heating main pipe for hot water from MTTP-1 and the foundation of a specialised enterprise for maintenance and development of the Moscow heat network.
- The development of the power system was put on hold by the start of WWII. Part of the equipment was destroyed, some was evacuated and total capacity of Mosenergo sunk two-fold. However, Moscow power engineers managed to maintain continuous supply of power to the city's defence facilities; they constructed high-voltage obstacles for the enemy troops, assembled power-generating trains for the freed regions of the country. Restoration of power industry started right after the successful counter attack of the Soviet troops in winter of 1941-1942. By 1945 Mosenergo had already achieved the pre-war capacity levels.
- In 1946 Mosenergo started using a new type of fuel: HPS-1 was transferred to natural gas firing. In the same year, Moscow power system was connected to Ivanovo, Yaroslavl and Gorky power system and in 1956, the first link of the Unifies Power System of the European part of Russia was launched after the installation of a high-voltage power line from Kuybyshev to Moscow.
- Within the framework of the Unified Power System in 1960, the country brought into operation first units of TPP-22, and for the first time in the USSR a 1000 mm heat pipeline was installed at TPP-22. On October 22, 1963 Mosenergo launched TPP-21 shortly followed by TPP-23, TPP-25 and TPP-26.
- In 1970s Mosenergo successfully mastered a 250 MW thermal power generating unit with supercritical steam performance. The unit was first installed on TPP-22 and became a baseline unit for other thermal stations: TPP-21, 23, 25 and 26.
- On December 30, 1987 Mosenergo brought into operation the first hydroelectric generating set of the Zagorsk Hydroelectric Power Station (ZaHEPS) - a unique power unit regulating peak loads in the power system. In 1990 Moscow Power System absorbed Ryazan TPP-24, and in 1992 it acquired TPP-28 in Moscow.
- In 1993, the production association Mosenergo was transformed into an open joint stock company.
- In 2005 OJSC Mosenergo developed and started the implementation of the Programme for Development and Technical Upgrade. The programme envisaged installation of capacities on existing power stations located in regions with power shortages, as well as in centres of the most electric

and thermal load with a developed infrastructure.

- On November 22, 2007 less than two years since the start of construction, TPP-27 launched a steam-gas power unit with a total capacity of 450 MW and heating capacity of 300 Gcal. In June 2008, a unit of the same type was put into operation on TPP-21, and in December of the same year the Company installed yet another 450 MW steam-gas power unit on TPP-27.
- Currently, OJSC Mosenergo is constructing a fourth 420 MW steam-gas power unit on TPP-26. French Alstom was hired as a general contractor of the installation.

The Structure of the Power Industry in Russia

After the completion of the structural reform of the Russian power industry, control and supervision functions previously carried out primarily by OJSC RAO UES of Russia were transferred to the Government of the RF, public authorities and industry infrastructural organisations.

At the governmental level, industry regulation is performed by the Government Commission for the Development of Power Industry and the Government Commission for Safety of Power Supply.

The key management body in the power industry is the Ministry of Energy, which develops and implements public policy, as well as norms and regulations in the energy industry.

On the competitive market control over the wholesale and retail power markets in the field of complying with the anti-monopoly legislation is exercised by the Federal Antimonopoly Service (FAS). FAS also controls the activities of the trading administrator on the wholesale market of electricity, as well as compliance to the disclosure of information standards by subjects of the wholesale and retail market of electricity.

Within the regulated sphere, tariffs and supervision of issues related to tariff-setting in the power industry are controlled by the Federal Tariff Service (FTS).

The major functions of infrastructure organisations are:

OJSC The System Operator of UES ensured reliable functioning of UES of Russia in real time, as well as long-term. It also safeguards technological unity and efficient operation of the wholesale and retail electricity and capacity markets;

OJSC Federal Network Company of UES of Russia supplies electricity transmission services and maintains operating conditions of the electricity networks, as well as enforces technical control over the state of network units;

OJSC MRSK Holding manages distribution networking complex and determines its development strategy;

Independent Enterprise the Market Council on Efficient Operations of the Wholesale and Retail Trading Systems for Electricity and Capacity ensures functioning of commercial

infrastructure on the wholesale market and its correlation with the retail market, as well as maintaining energy security of the RF, unity of the market space, freedom of economic activities and competition on the wholesale and retail markets. It is also responsible for maintaining the balance between interests of power-generating companies and buyers of electricity and capacity, as well as satisfying public demand for reliable and uninterrupted supply of electricity;

OJSC The Administrator of the Trading System organises trading on the wholesale electricity and capacity market (registration of bilateral agreements, organisation of the system for collecting information about actual output and consumption of electricity and capacity on the wholesale market, as well as forecasting electricity output and consumption volumes. It is also responsible for maintenance of quality standards of electricity specified in technical regulations, as well as ensuring sustainability and safety of power supply;

CJSC The Centre for Financial Settlements facilitates financial settlements between participants on the wholesale market of electricity and capacity.

Mosenergo's Positioning in the Power Industry

OJSC Mosenergo is the largest of regional generating companies of the Russian Federation and a technologically integral part of the Unified Energy Systems of Russia.

Mosenergo's system includes 15 power stations with total capacity of 11.9 thousand MW and thermal capacity of 40.2 thousand MW (34.9 thousand Gcal/hour).

The Company generates 6.0% of electricity and 5.0% of heat generated in the Russian Federation (including APS).

OJSC Mosenergo is the major generating company for electricity and heat in the Moscow region, which unites two subjects of the RF: the city of Moscow and the Moscow region.

OJSC Mosenergo supplies around 66% of electricity and 42% heat consumed in the Moscow region.

Electricity consumption analysis for 2009 shows a decline in electricity consumption both in the RF and the Moscow region. The 2009 consumption in UES Centre, as compared to 2008, dropped by 5.7% (according to SO UES); the consumption in the Moscow Region (Moscow City and the Moscow Region) declined by 4% as compared to 2008 (according to the SO UES branch of Moscow LDO), while there was a significant increase in net balance shifting from UES Centre. Among power plants of the Moscow region which influence operating regimens and pricing in the delivery points cluster for generation, the major existing and would-be competitors of the Company on the WMEC are Kashirskaya TPP-4 (OJSC WGC-1), Shaturuskaya TPP-5 (OJSC WGC-5) and Zagorskaya APS (OJSC RusHydro).

Consumption of heat in the Moscow region in 2009 went up by 4.2%. OJSC Mosenergo being the largest supplier of hot water and

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

steam has a 68% share on the Moscow supply market, which is the most promising and fastest-growing market in Russia.

The major competitor of Mosenergo in generation and sales of heat is OJSC Moscow Unified Energy Company (OJSC MOEK).

Risks

Risk management implies prevention of risks in production and financial activities of OJSC Mosenergo, as well as minimising possible negative outcomes of such risks.

The Company implemented The Regulations on Risk Management in OJSC Mosenergo. These Regulations contain a Map of Risks, which includes major types of risks that have an impact on Mosenergo's activities, as well as a risk management programme.

Risk management is based on a system approach, which implies:

- risk analysis;
- and risk response.

Risk management is carried out within the Company by functional divisions according to the type of activities.

At present, the Company believes that the following risks are the most substantial:

Political Risks

The risk of unreasonable state regulation of tariffs, related to a possibility of artificial containment or directive lowering of tariffs, or approval of tariffs which are inadequate in terms of the Company's costs.

The Company's experts maintain constant cooperation with the FTS of Russia, Regional Energy Complex of Moscow and Fuel and Energy Committee of the Moscow Region. The purpose of this cooperation is to ensure the approval of a reasonable level of tariffs.

Furthermore, in order to lower this particular risk, the Company implements projects to help bring down its operational costs, such as the Lean Production Project.

Market Risks

Significant risks related to operations on the wholesale market of electricity:

- unstable market prices and seasonal fluctuations in demand for electricity and heat;
- lack of governmental regulations on long-term market of capacity and the pricing mechanism for new capacity starting from 2011;
- governing influence of OJSC SO UES on operation regime of Mosenergo's power plants, which leads to transfer of equipment to cold reserve or to surplus capacity.
- The risk of introduction of a special price calculation for electricity on the wholesale market, including a transition to public regulation of prices. In order to prevent a substantial increase in electricity prices for end consumer, authorised infrastructural organisations enforce a continuous

monitoring of prices on the wholesale market. If the required price growth rate is exceeded, the wholesale market might follow a special pricing procedure, including enforcement of public price regulation, which might result in a considerable downturn in the Company's revenue and losses from sales of electricity and capacity.

- The risk of containment of prices for capacity sold on the wholesale electricity market starting from 2011 (the draft Regulations on the Long-Term Capacity Market envisage a possibility of such a containment).

In order to avoid the mentioned risks, OJSC Mosenergo takes part in the development of the normative base of the wholesale electricity market, as well as monitors actual regional regimes and the UES and analyses actions of the OJSC SO UES.

Risks on the Heat Market

- Seasonal fluctuations in demand for heat, correlation of demand to climatic conditions;
- Lack of normative and legislative regulations on heat supply;
- Redistribution of Mosenergo's share on the retail market in favour of OJSC MOEK and OJSC Moscow Heat Network Company - these companies are controlled by the Moscow Government and are active in connecting the heat load under new construction projects.

In order to mitigate these risks, OJSC Mosenergo is taking the following measures:

- reforming Teplosbyt in order to achieve competitive advantages;
- taking an active part in the development of the Law on Heat Supply.

Inflation risk might result in the growth of Mosenergo's costs and a decrease in profits. Inflation growth might also result in losses in real terms of the Company's accounts receivable in case of deferred or delayed payments.

The effects of inflation on the Company's financial stability are accounted for at the time of developing of the Company's financial plans. In order to mitigate inflation risks, OJSC Mosenergo signs long-term fixed annual price contracts for supply and transportation of gas to its power plants.

Risks of Unforeseen Fluctuations in Fuel Cost

The cost of fuel might fluctuate quite substantially. Such situation when the cost of fuel in the business plan might be exceeded leading to the allocation of additional funding for the fuel supply, might become possible.

In order to minimise such risks, the Company's power plants create reserve supply of fuel (coal and fuel oil), which will ensure possible extra firing and eliminate single-stage purchases of large quantities of fuel. The Company also cooperates with OJSC Gazprom to ensure signing of mutually beneficial contracts.

Risks of Unforeseen Fluctuations of Currency and Interest Rates

The Company is subject to currency risks due to contracts signed with Siemens and Alstom for the supply of power units; the risk is possible because said contracts are nominated in Euro. Part of the currency risk was transferred to loans required to refinance import contracts, attracted from such banks as Calyon, NordLB, and BNP Paribas. As of January 1, 2010 the liabilities under these loan agreements amounted to 75.6 mn Euro.

Since interest rate of loan agreements with Calyon, NordLB, and BNP Paribas is pegged to the EURIBOR6M rate, there is a risk of increase of this interest rate.

At present, the Company is enforcing measures to hedge currency and interest rate risks, as well as planning the budget with a view of a possibility of currency and interest rate growth.

Liquidity Risk

Currently, liquidity risk is insignificant. The liquidity cushion with closing account balance exceeding 3.5 bn roubles, as well as unused bank lines of over 13 bn roubles are sufficient for the Company to meet its obligations in 2010 without the need to refinance new loans.

Credit Risks

When working with consumers, OJSC Mosenergo follows the practice of personal approach, which takes into account the specifics of financial and business activities of each consumer.

During the credit risk monitoring business partners are grouped according to their credit profiles, industry affiliation, and loan structure by date and contractual terms of loan repayment.

In order to manage credit risks, the Company is setting up a valuation reserve for the depreciation of receivables, files claims and lawsuits and uses baking guarantees for repayment of advances.

Tax Risks

The Management believes that the Company fully abides by the taxation law regulating its activities. However, there is a potential risk of difference of opinion with corresponding supervision authorities regarding issues which allow for ambiguous interpretation.

Taxation law of the RF is subject to frequent changes and sometimes contains ambiguities and uncertainties. Consequentially, there is a possibility of tax risks related to:

- amendments to legislation on taxes and duties related to an increase of tax rates;
- introduction of new taxes;
- incorrect calculation and payment of taxes due to different

interpretations of legal norms which allow for ambiguous interpretation.

In order to mitigate tax risks, the Company exercises regular monitoring of changes in tax legislation, judicial and administrative practice in order to bring the applied method of tax calculation in line with the legislation. The Company also evaluates planned transactions from the point of view of tax risk mitigation, as well as organises advanced training of staff responsible for the calculation and payment of taxes.

Risks of Loss of Assets Due to Damage of Property

These risks include **risks of decommissioning of power units and property damage risks**, which occurred as a result of terrorist activity, embezzlements and natural disasters in the region.

In order to mitigate these risks, the Company organises regular inspections of anti terrorist protection of staff and production, enforces protection of possible after-effects of accidents, disasters and natural disasters and catastrophes, as well as provides accident prevention and fire safety training and signs insurance agreements.

Risks of Civil Liability

This type of risks includes **the risk of liability for polluting the environment in the region, damaging property owned by third parties, liability for the quality of goods supplied to the domestic market and to the wholesale market of electricity**, as well as risks of the management's liability for the damage caused to life and health of the Company's employees.

In order to mitigate these risks the Company focuses on:

- decreasing emissions;
- continuously maintaining the equipment in operational regime required to sustain the load, as well as creating capacity reserves;
- developing automated system for commercial accounting of power;
- certifying work places and technical equipment of working teams, as well as equipping work placed and working teams with the means for individual and collective protection;
- performing integrated measures to guarantee industrial safety of dangerous production units of the Company;
- insuring the risks.

Corporate Governance Risks

Current risks related to the Company's corporate governance are:

- the risk of shareholders' court appeals of decisions made by the General Meeting of Shareholders and/or the Board of Directors;
- the risk of the Company's executive bodies objecting to the decisions regarding the Company's transactions procedures envisaged in the current legislations and consequentially, declaring such transactions invalid following lawsuits of interested parties;

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

- risks related to information disclosure procedures of the Company, according to legislative requirements of the RF.

In order to minimise these risks, the Company enforces a strict division of responsibilities of the Company's managing bodies (in compliance with the Charter). The Company facilitates work of the BoD's committees, improvement of management of the organisation and introduction of amendments to documents regulating corporate governance. The Company's divisions perform continuous monitoring of compliance to legislative requirements and constituent documents during all business processes, as well as enforcement of the decisions made by the Company's executive bodies.

Technical and Production Risks

The Company implements mitigation of technical risks related to production through creating reserves of fuel, spare parts and materials, as well as implementing activities aimed at increasing safety of the power system.

The Company's power plants may face a **risk of equipment failures due to misoperations of staff both in normal and in emergency operation.**

Advanced staff training is offered in the Company's educational centres and directly on its TPPs.

Risks related to bringing into operation of new equipment are mitigated through purchasing of equipment that was made according to the technologies of manufacturers who have solid reputation on the market for such equipment and who have confirmed their technical and business indicators during guarantee tests and operation in the trial period.

The mitigation of **risks related to shortages of qualified personnel required to operate the equipment** is carried out by securing staff of the Company's subsidiaries through career planning, monetary incentives and offer of social guarantees.

OJSC Mosenergo performs analysis of possible risk situations while implementing its production programme. The key organisational instrument for risk mitigation and reimbursement of damages is insurance. The Company insures property, dangerous production units, transport, civil liabilities; we also provide insurance coverage of staff injuries, deceases, as well as general medical insurance.

Organisational Risks

Organisational risks include the risk of losses resulting from imperfect management procedures in the Company and incorrect selection of the market strategy.

In order to minimise these risks the Company facilitates improvement of the management structure. This involves the

implementation of the Lean Production Project and activities related to study, analysis and enhancement of business processes.

In order to improve the quality of decisions the Company offers training to the management and specialists in advanced training facilities.

Investment Risks

While implementing its investment program Mosenergo is exposed to investment risks, i.e. **risks associated with KPI deterioration related to any ongoing projects as a result of changed external factors.**

The Company is engaged in investment management optimisation for new construction projects through introducing project management systems based on the latest methods and investment controlling practices.

The mitigation of investment risks in 2008 was also achieved through insurance mechanisms.

Legal Risks

Risks of losses associated either with disregard of existing legislation or with legislative amendments introduced while a transaction was carried out; a risk of improperly drawn up documentation.

Legal risk management is based on formalised guidelines for documents handling associated with day-to-day business activities of the Company. Minimisation of legal risks is underpinned by the use of standard forms of documents and continuous monitoring of changes in the relevant legislation.

Documents supporting business processes in the Company are subject to verification by the legal department, which facilitates minimisation of legal risks and risks associated with improperly drawn up documentation. **Risks of increased expenses due to settlements of claims lodged against Mosenergo regarding liabilities incurred prior to the reform.**

On December 31, 2008 Mosenergo terminated the agreement on shared responsibility regarding liabilities incurred prior to the reforms. This will facilitate the mitigation of such risks.

Securities

Mosenergo's registered capital amounts to 39,749,359,700 roubles and it is divided between 39,749,359,700 common registered uncertified shares with the face value of 1 (one) rouble each.

The issue of traded securities was registered on July 17, 2003; the issue state registration number is 1-01-00085-A.

Mosenergo's shares are listed on Russian MICEX (in quotation list A1) and RTS (in quotation list A2) stock exchanges.

Tickers:

- MICEX – MSNG
- RTS T+0 – MSNGG
- RTS Classica – MSNG
- Bloomberg – MSNG RU
- Reuters – MSNG.RTS

In October 1995 Mosenergo was the first Russian company to launch an ADR programme for the Company's shares. ADR for the Company's shares were placed in October 1995 as through private placement according to Rule 144-A and Regulation S. As a result of the placement the Company attracted 22,500,000

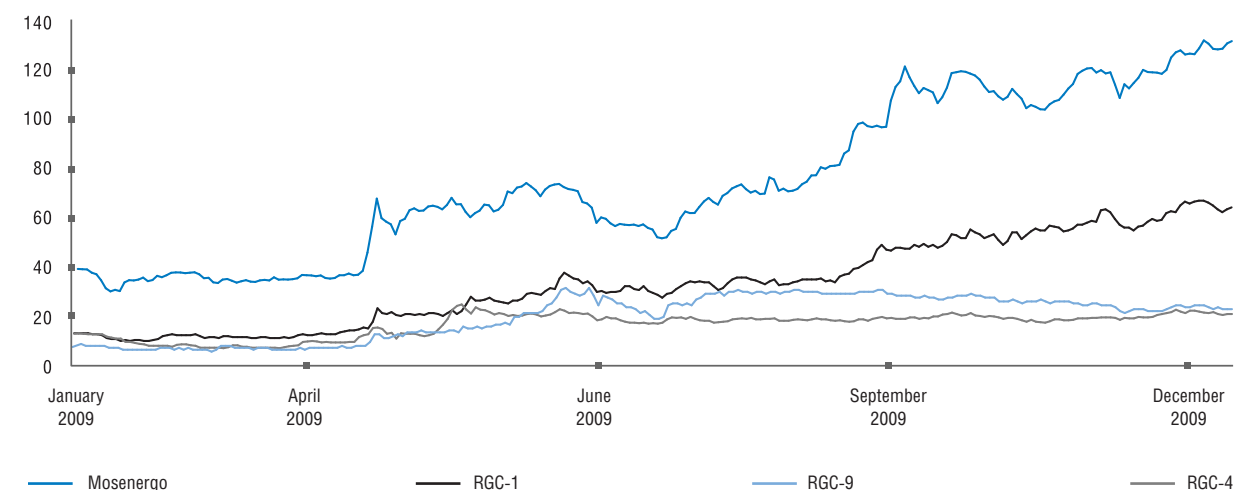
USD. To increase the pool of investors who have a right to acquire ADR issued for Mosenergo's shares and to build on liquidity of the Company's shares, the Company shifted from private placement under Rule 144-A and Regulation S to Level 1 ADR programme in July of 1997.

In the framework of the re-organization of RAO UES of Russia carried out in July 2008 the Company implemented a programme of global depository receipts (GDR) in accordance with Rule 144-A and Regulation S.

Depository Receipts Programmes:

- 144A
- Reg S
- Level 1

Mosenergo 2009 Market Capitalisation Dynamics, Bn, roubles



Mosenergo's stock bonds listed on MICEX Stock Exchange.

| Passport Series | Identification Number | Date of Issue Registration | Bond Description | Face Value (roubles) | Quantity | Maturity Term |
|-----------------|-----------------------|----------------------------|---|----------------------|-----------|---------------|
| BO-01 | 4B02-01-65116-D | December 1, 2008 | stock bearer bonds with mandatory centralised custody | 1,000 | 1,000,000 | 1 year |
| BO-02 | 4B02-02-65116-D | December 1, 2008 | | 1,000 | 2,000,000 | 1 year |
| BO-03 | 4B02-03-65116-D | December 1, 2008 | | 1,000 | 2,000,000 | 1 year |

Information about the Members of the Board of Directors, BoD's Committees and the Executive Board

Members of the Board of Directors¹⁴

Kirill Gennadievich Seleznev

Date of Birth: 1974

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--------------------------|---|
| from | to | | |
| 2002 | to date | OJSC 'Gazprom' | Head of the Department of Gas and Liquid Hydrocarbons Processing and Marketing, member of the Executive Board |
| 2003 | to date | Mezhregiongas, Ltd. | CEO (second employment) |

Pyotr Pavlovich Biryukov

Date of Birth: 1951

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--|--|
| from | to | | |
| 2002 | 2007 | Prefecture of the Southern Administrative District of Moscow | Prefect |
| 2007 | to date | Moscow Government | first deputy Mayor of Moscow in the Moscow Government, head of the Municipal Economy Complex of Moscow |

Anatoliy Anatolievich Gavrilenko

Date of Birth: 1972

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--------------------------|----------|
| from | to | | |
| 2002 | to date | CJSC 'Leader' | CEO |

Valeriy Alexandrovich Golubev

Date of Birth: 1952

Education: higher, PhD in economy

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--------------------------|--|
| from | to | | |
| 2003 | 2005 | Gaskomplektimpeks, Ltd. | CEO |
| 2005 | 2006 | OJSC 'Gazprom' | Head of the Department of Investment and Construction, member of the Executive Board |
| 2005 | 2006 | Gaskomplektimpeks, Ltd. | CEO (second employment) |
| 2006 | to date | OJSC 'Gazprom' | Deputy Chairman of the Executive Board |

Alexander Pavlovich Dushko

Date of Birth: 1964

Education: higher, PhD in economy

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|-----------------------------|---|
| from | to | | |
| 2004 | to date | OJSC 'Gazprom' | Deputy Head of the Finance and Economics Department |
| 2008 | to date | Gazprom Power Holding, Ltd. | Financial Director |

Igor Vyacheslavovich Ignatov

Date of Birth: 1968

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|---|---------------------------|
| from | to | | |
| 2004 | to date | Property Department of the Government of Moscow | Deputy Head of Department |

Alexey Alexandrovitch Mityushov

Date of Birth: 1975

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|---|---|
| from | to | | |
| 2003 | 2007 | Mezhregiongas, Ltd. | Head of Property and Corporate Affairs Department |
| 2003 | 2007 | Mezhregionteplo, Ltd. | CEO |
| 2007 | to date | Gazpromenergo, Ltd. | CEO |
| 2008 | to date | OJSC The Sixth Wholesale Generating Company | CEO |

Olga Petrovna Pavlova

Date of Birth: 1953

Education: higher, PhD in Law

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--------------------------|---|
| from | to | | |
| 2004 | to date | OJSC 'Gazprom' | Head of the Department of Asset Management and Corporate Relations, member of the Executive Board |

Vladimir Nikolaevich Silkin

Date of Birth: 1957

Education: higher, PhD in Technical Science

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|---|--|
| from | to | | |
| 1992 | 2004 | Prefecture of the North-East Administrative District of Moscow | First Deputy Prefect |
| 2004 | 2007 | Government of Moscow, Property Department of the Government of Moscow | Minister of the Government of Moscow, Head of the Department |
| 2007 | to date | Government of Moscow, Property Department of the Government of Moscow | Deputy Moscow Mayor in the Government of Moscow, Head of the Unit for Property and Land Affairs of Moscow, Head of the Property Department of the Government of Moscow |

¹⁴ elected at the General Meeting of Shareholders on June 30, 2009

Evgeniy Viktorovich Sklyarov

Date of Birth: 1955

Education: higher, PhD in economy

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|---|------------------------|
| from | to | | |
| 2003 | 2006 | OJSC Mospormstroyaterialy | President |
| 2006 | to date | Government of Moscow, Department for Fuel and Power Industry | Head of the Department |

Denis Vladimirovich Fyodorov

Date of Birth: 1978

Education: higher, PhD in economy

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|----------------------------------|--|
| from | to | | |
| 2002 | 2006 | EvrosibEnerggo-Engineering, Ltd. | 1st Grade Specialist, Head of the Department |
| 2006 | 2007 | Gaznergoprom Corporation, Ltd. | Head of the Department for Investment Technologies and Technological Projects |
| 2006 | 2007 | Mezhregiongas, Ltd. | Adviser to the CEO |
| 2006 | 2008 | Mezhregionsbyt, Ltd. | CEO |
| 2007 | to date | OJSC 'Gazprom' | Head of the Department for the Development of Electricity and Power Sector and Marketing in the Power Sector |
| 2009 | to date | Gazprom Power Holding, Ltd. | CEO |
| 2009 | to date | OJSC Centereenergoholding | CEO |

Nikolay Grigorievich Shulginov

Date of Birth: 1951

Education: higher, PhD in Technical Science

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|---|--|
| from | to | | |
| 2004 | 2009 | OJSC 'SO CDD UES' | Deputy Chairman of the Executive Board |
| 2009 | to date | OJSC The System Operator of the Unified Energy System (OJSC SO UES) | First Deputy Chairman of the Executive Board |

Vitaliy Georgievich Yakovlev

Date of Birth: 1972

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|---------------|----------------|--------------------------|--|
| from | to | | |
| 2004 | 2007 | OJSC Vostokgazprom | First Deputy Vice-President, President |
| 2004 | 2007 | OJSC Tomskgazprom | CEO (second employment) |
| 2007 | March 31, 2008 | OJSC 'Mosenergo' | Deputy General Director for Corporate Policy |
| April 1, 2008 | to date | OJSC 'Mosenergo' | General Director |

Audit Committee

Members of the Audit Committee approved by the Resolution of the Board of Directors dated August 21, 2009, Minutes 3.

Chairman of the Committee:

Olga Petrovna Pavlova, member of the Executive Board of OJSC Gazprom, head of the Department for Asset Management and Corporate Relations of OJSC Gazprom, member of the BoD of OJSC Mosenergo.

Members of the Committee:

Anatoliy Anatolievich Gavrilenko, CEO of CJSC Leader, member of the BoD of OJSC Mosenergo.

Alexander Pavlovich Dushko, Deputy Head of the Finance and Economics Department of OJSC Gazprom, member of the BoD of OJSC Mosenergo;

Vladimir Nikolaevich Silkin, Deputy Moscow Mayor in the Government of Moscow, Head of the Unit for Property and Land Affairs of Moscow, Head of the Property Department of the Government of Moscow, member of the BoD of OJSC Mosenergo.

Nikolay Grigorievich Shulginov, First Deputy Chairman of the OJSC SO UES Executive Board, member of the BoD of OJSC Mosenergo.

Former members of the BoD: Chairman – O.P. Pavlova; members: A.A. Gavrilenko, V.N. Silkin, D.V. Fyodorov and N.G. Shulginov.

The Strategy and Development Committee

Members of the Strategy and Investments Committee approved by the Resolution of the BoD dated November 6, 2009, Minutes 7:

Chairman of the Committee:

Denis Vladimirovich Fyodorov, Head of the Department for the Development of the Electricity and Power Sector and Marketing in the Power Industry of OJSC Gazprom, member of the BoD;

Members of the Committee:

Igor Vyacheslavovich Ignatov, Deputy Head of the Property Department of Moscow City, member of the BoD;

Elena Viktorovna Andreeva, Deputy General Director of Sales, OJSC Mosenergo;

Sergey Petrovich Anisimov, Head of the Economy and Tariff Department of Gazprom Energoholding, Ltd.

Svetlana Vladimirovna Antonova, Deputy General Director for Legal Issues, OJSC Mosenergo;

Denis Nikolaevich Bashuk, Head of the Production Department of Gazprom Energoholding, Ltd;

Alexander Sergeevich Ivannikov, Deputy General Director for Financial Issues and Budgeting, OJSC Mosenergo;

Alexander Vladimirovich Iliencko, Director for Technological Development of Dispatch Management, OJSC SO UES;

Irina Yurievna Korobkina, Head of the Department for Support of the Reform in the Electricity and Power Sector of the Administration for the Development of Electricity and Power Sector and Marketing in the Power Industry, OJSC Gazprom;

Anatoliy Pavlovich Kuleshov, First Deputy of the Head of the Department for Fuel and Power Industry of Moscow;

Alexander Vladimirovich Rogov, Deputy Head of the Department for Development of Electricity and Power Sector of the Administration for Development of Electricity and Power Sector and Marketing in the Power Industry, OJSC Gazprom;

Dmitriy Yurievich Tushunov, Head of the Analytical Department, Chief Economist of CJSC Leader;

Pavel Olegovich Shatskiy, First Deputy CEO of Gazprom Energoholding, Ltd;

Members approved by the Resolution of the BoD dated June 9, 2008, Minutes 1 and September 01, 2008, Minutes 5.

Chairman – D.V. Fyodorov; members: E.V. Andreeva, S.V. Antonova, V.A. Dyomina, M.K. Zavrieva, A.S. Ivannikov, I.V. Ignatov, A.V. Iliencko, S.R. Prokurov, A.V. Rogov, V.Y. Tulskiy, D.Y. Tushunov.

HR and Remuneration Committee

Members of the HR and Remuneration Committee approved by the Resolution of the Board of Directors dated August 21, 2009, Minutes 3.

Chairman of the Committee:

Anatoliy Anatolievich Gavrilenko, CEO of CJSC Leader, member of the BoD of OJSC Mosenergo.

Members of the Committee:

Valeriy Alexandrovich Golubev, Deputy Chairman of the Executive Board of OJSC Gazprom, member of the BoD of OJSC Mosenergo.

Alexander Pavlovich Dushko, Deputy Head of the Financial and Business Department of OJSC Gazprom, member of the BoD of OJSC Mosenergo;

Former members of the BoD: Chairman - A.A. Gavrilenko; members: V.A. Golubev, Y.A. Udaltsov, D.V. Fyodorov.

Safety Committee

Members of the Safety Committee approved by the Resolution

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

of the BoD dated August 21, 2009, Minutes 3 and November 6, 2009, Minutes 7:

Chairman of the Committee:

Denis Vladimirovich Fyodorov, Head of the Department for the Development of the Electricity and Power Sector and Marketing in the Power Industry of OJSC Gazprom, member of the BoD;

Members of the Committee:

Igor Dmitrievich Alyushenko, Director for Technological Development of Dispatch Management, OJSC SO UES of the UDD Centre;

Mikhail Ivanovich Balabanov, First Deputy of the Head of the Department for Fuel and Power Industry of Moscow;

Denis Nikolaevich Bashuk, Head of the Production Department of Gazprom Energoholding, Ltd;

Sergey Alexandrovich Pronin, Director for Technical Audit, OJSC Mosenergo;

Nikolay Dmitrievich Rogalyov, Deputy CEO for Development,

Gazprom Energoholding, Ltd.;

Vladimir Valentinovich Sergeev, First Deputy General Director, Chief Engineer of OJSC Mosenergo;

Artur Mikhailovich Trinoga, Head of the Power Engineering Department of the Administration for the Development of Electricity and Power Sector and Marketing in the Power Industry, OJSC Gazprom;

Sergey Anatolievich Tsarev, Deputy Head of Use and Maintenance of the Power Technical Equipment, OJSC Mosenergo.

Former members of the BoD: Chairman - A.A. Gavrilenko; members: V.A. Golubev, Y.A. Udaltsov, D.V. Fyodorov.

Members approved by the Resolution of the BoD dated June 9, 2008, Minutes 14 and August 14, 2008, Minutes 4.

Chairman - V.V. Sergeev; members: I.D. Alyushenko, I.V. Belousenko, G.G. Gasangadzhiev, B.P. Modin, S.A. Pronin, A.Y. Putenikhin, A.M. Trinoga, S.A. Tsarev.

Members of the Executive Board¹⁵

Vitaliy Georgievich Yakovlev

(Chairman)

Date of Birth: 1972

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|---------------|----------------|--------------------------|--|
| from | to | | |
| 2004 | 2007 | OJSC Vostokgazprom | First Deputy Vice-President, President |
| 2004 | 2007 | OJSC Tomskgazprom | CEO (second employment) |
| 2007 | March 31, 2008 | OJSC 'Mosenergo' | Deputy General Director for Corporate Policy |
| April 1, 2008 | to date | OJSC 'Mosenergo' | General Director |

Elena Viktorovna Andreeva

Date of Birth: 1974

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--------------------------|--|
| from | to | | |
| 2002 | 2005 | OJSC SO CDD UES | Chief Expert, Head of the Directorate for Finance and Economy, Head of the Tariffication Department in the Directorate for Finance and Economy, Head of the Legal Support Department, Head of the Department for Tariff Regulation |
| 2005 | 2008 | CJSC INTER RAO UES | Chief Manager, Head of the Directorate of the Department for Sales on WMEC, Deputy Head of the Department for Sales on WMEC |
| 2008 | 2008 | OJSC 'Mosenergo' | Director for WMEC Operations |
| 2008 | to date | OJSC 'Mosenergo' | Deputy General Director for Sales |

Svetlana Vladimirovna Antonova

Date of Birth: 1974

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|-------------------------------|--|
| from | to | | |
| 2004 | 2007 | Kazakov and Partners Law Firm | lawyer, partner |
| 2007 | to date | OJSC 'Mosenergo' | Deputy General Director for Legal Issues |

Dmitriy Alexandrovitch Barshak

Date of Birth: 1956

Education: higher, PhD in Technical Science

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--|---|
| from | to | | |
| 2001 | 2005 | OJSC 'Mosenergo' | Deputy Chief Engineer for Thermal Engineering |
| 2005 | 2008 | OJSC 'Mosenergo' | Director for Thermal Engineering |
| 2008 | to date | TPP-21, a subsidiary of OJSC Mosenergo | Director |

Ivan Vasilievich Galas

Date of Birth: 1955

Education: higher, PhD in Technical Science

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--|----------------|
| from | to | | |
| 2005 | 2008 | TPP-23, a subsidiary of OJSC Mosenergo | Chief Engineer |
| 2008 | to date | TPP-20, a subsidiary of OJSC Mosenergo | Director |

Artyom Igorevich Dmitriev

Date of Birth: 1979

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--------------------------|---|
| from | to | | |
| 2005 | 2005 | Gazflot, Ltd. | Deputy Head of the Department |
| 2005 | 2008 | CJSC Sevmorneftegaz | Head of the Department |
| 2008 | 2008 | OJSC 'Mosenergo' | Deputy Head of the Tender Committee |
| 2009 | to date | OJSC 'Mosenergo' | Deputy General Director for Procurement and Production Furnishing |

Nikolay Alexeevich Zroychikov

Date of Birth: 1954

Education: higher, PhD in Technical Science

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--|----------|
| from | to | | |
| 2005 | to date | TPP-23, a subsidiary of OJSC Mosenergo | Director |

¹⁵ As of 31/12/2009

Alexander Sergeevitch Ivannikov

Date of Birth: 1966

Education: higher, PhD in economy

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|---|--|
| from | to | | |
| 2001 | 2006 | Committee for the Economic Development, Industrial Policy and Trade of the Government of Saint Petersburg | Head of the Department for Investment Policy Management, First Deputy of the Chairman of the Committee, Head of the Unit for Defence Enterprises of the Industrial Policy Department |
| 2006 | 2007 | OJSC TGK-1 | Deputy CEO for Economy and Finance |
| 2007 | 2008 | OJSC 'Mosenergo' | Deputy General Director for Finance |
| 2008 | to date | OJSC 'Mosenergo' | Deputy General Director for Finance and Budgeting |

Vladimir Valentinovich Sergeev

Date of Birth: 1957

Education: higher, PhD in Technical Science

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--|---|
| from | to | | |
| 1996 | 2005 | TPP-20, a subsidiary of OJSC Mosenergo | Director |
| 2005 | to date | OJSC 'Mosenergo' | First Deputy General Director, Chief Engineer |

Vasilii Yurievich Tulskiy

Date of Birth: 1978

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--------------------------|--|
| from | to | | |
| 2002 | 2005 | CJSC KPMG | Auditor, Chief Auditor of the Audit Department |
| 2005 | 2008 | CJSC UPS Essies (CIS) | Financial Manager of the Accounting Department, Chief Accountant |
| 2008 | to date | OJSC 'Mosenergo' | Investment Director |

Anna Sergeevna Tsaregorodtseva

Date of Birth: 1976

Education: higher

Positions held in the last 5 years and current positions

| Period | | Name of the Organisation | Position |
|--------|---------|--|--|
| from | to | | |
| 2004 | 2006 | Industrial Systems of Marten, Ltd. | Commercial Director |
| 2004 | 2006 | CJSC European Real Estate Trading System | Manager of the High-End Real Estate Department |
| 2006 | 2008 | ANT-Inform, Ltd. | HR Manager, Head of HR Department |
| 2008 | 2008 | OJSC 'Mosenergo' | HR Management Director |
| 2008 | 2009 | OJSC 'Mosenergo' | Deputy General Director for HR Management |
| 2009 | to date | OJSC 'Mosenergo' | Deputy General Director, Managing Director |

Compliance with the Corporate Governance Code of the Federal Financial Markets Service

| No. | Provision of the Corporate Governance Code | Complied/ Not Complied | Notes |
|--|---|------------------------|--|
| General Meeting of Shareholders | | | |
| 1. | Not less than a 30-day prior notice of a General Meeting shall be given to shareholders regardless of the issues on the agenda, unless legislation provides for a longer notice | Partially Complied | Mosenergo's Charter, Article 17, paragraph 17.12. Notification of shareholders about a General Meeting of Shareholders or about a General Meeting of Shareholders with the agenda of reorganisation of the Company is sent (or given) to each person mentioned in the list or persons entitled to participate in the General Meeting of the Company's Shareholders; such notification shall be published in Izvestia newspaper, as well as on the Company's web site not later than 30 (thirty) days prior to the meeting. Notification about Special General Meeting of Shareholders shall be published not later than 20 (twenty) days prior to the meeting. |
| 2. | Access of the shareholders to the list of persons entitled to attend the General Meeting, starting from the date of announcement of the General Meeting until the closing of the General Meeting held in person, and in the case of a General Meeting held by correspondence – until the deadline for the collection of voting ballots | Complied | According to the existing legislation, the list of persons authorised to participate in the Meeting shall be made available by the Company at the request of persons included in such list and having at least 1% of the votes. |
| 3. | Access of the shareholders to information (materials) to be provided during the preparation for the General Meeting through electronic media, including the Internet | Complied | Mosenergo's Charter, Article 17, paragraph 17.6. |
| 4. | Possibility for a shareholder to put an issue on the agenda of the General Meeting or require a General Meeting to be called without presenting an extract from the shareholder register where title to shares is recorded in the shareholder register system, and by presenting only a statement from the deposit account where the title to shares is recorded in a deposit account | Complied | The procedure for entering an item on the General Meeting agenda, as well as the procedure on holding a General Meeting of Shareholders shall be established by existing legislation. The Charter and by-laws of the Company do not envisage submitting of a compulsory extract from the shareholders registry or an extract from a depot account when entering an issue in the agenda or calling for a meeting. |
| 5. | Presence in the Charter and internal documents of the Company of the requirement on mandatory presence of CEO, members of the managing board, members of the BoD, members of the audit commission and the Company's auditor at the General Meeting of Shareholders | Not Complied | |
| 6. | Obligatory presence of the nominees for the positions of members of the Board of Directors, the CEO, members of the Management Board, members of the Audit Commission and external auditor during consideration by the General Meeting of their election and appointment | Not Complied | |
| 7. | The by-laws of the company establish a registration procedure for the participants at the General Meeting | Complied | The Regulations on the General Meeting of Shareholders of OJSC Mosenergo, Article 8, paragraph 8.7, Article 9, Paragraphs 9.1, 9.2. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Board of Directors | | | |
|--------------------|---|--------------------|--|
| 8. | The company's Charter provides for the authority of the Board of Directors to approve annual financial statements and operating plans | Complied | Mosenergo's Charter, Article 20, paragraph 20.1, sub paragraph 62. Provision in the joint stock company's charter of the authority of the Board of Directors to approve annually a business plan (adjusted business plan), including the programme for technical upgrade, reconstruction and development, as well as investment programme and performance reports. |
| 9. | The company has a risk management procedure approved by the Board of Directors | Complied | The Regulations on Risk Management of OJSC Mosenergo is approved by the Company's Board of Directors; Minutes 9 dated November 18, 2004. |
| 10. | The company's Charter provides for the right of the Board of Directors to make a decision on suspending the authorities of the CEO appointed by the General Meeting | Complied | Mosenergo's Charter, Article 20, paragraph 15.1, sub paragraph 24. |
| 11. | The Charter of the company provides for the right of the Board of Directors to establish requirements for the qualifications and the level of compensation of the CEO, members of the Management Board, and managers of the key structural divisions of the company | Partially Complied | Mosenergo's Charter, Article 25, paragraph 25.6. The agreement between the Company's CEO and members of the Company's Executive Board and the Company is signed by the Chairman of the BoD or by a person authorised to do so by the Company's BoD. |
| 12. | The company's Charter provides for the right of the Board of Directors to approve the terms of the contracts with the CEO and members of the Management Board | Complied | Mosenergo's Charter, Article 25, paragraph 25.6. |
| 13. | The Charter and by-laws of the company contain a requirement that votes of the members of the Board of Directors who act as the CEO and members of the Management Board should not be taken into account when the terms of the contracts with the CEO (managing entity, manager) and members of the Management Board are approved | Not Complied | |
| 14. | The Board of Directors includes at least 3 independent directors meeting the requirements of the Code of Corporate Conduct | Complied | |
| 15. | There are no persons on the Board of Directors convicted of committing offences in the sphere of economic activity; against the government, against interests of the federal, regional and local government service; or that have been subjected to administrative penalties for offences in the sphere of entrepreneurial activities or in the sphere of finance, taxes and levies and the securities market | Complied | |
| 16. | There are no persons on the Board of Directors who serve as members, the CEO (manager), members of the management body or employees of any competitor of the company | Not Complied | |
| 17. | The company's Charter contains a requirement that the Board of Directors be elected by cumulative vote | Complied | Mosenergo's Charter, Article 18, paragraph 18.1. |
| 18. | The by-laws of the company include the obligation of the members of the Board of Directors to refrain from any actions that will or may potentially lead to a conflict of interests with the company, and in the case of such conflict – their obligation to disclose information on such conflict to the Board of Directors | Partially Complied | Article 8, paragraph 8.1 of the Regulations on the Informational Policy of OJSC Mosenergo stipulates a requirement for members of the BoD to submit written notifications to the BoD about rise of a conflict or a possibility of a rise of a conflict between their interests and the interests of the Company. |

| | | | |
|-----|--|--------------------|---|
| 19. | The by-laws of the company contain a responsibility of members of the BoD to give a written notice to the BoD on their intention to make transactions with the Company's securities. These members are also members of the BoD or the Company's subsidiaries (affiliated companies) and their responsibilities also include disclosure of information on their transactions with such securities | Complied | The Regulations on the BoD of OJSC Mosenergo, Article 4., paragraph 4.3, sub paragraph 4.3.10. |
| 20. | The by-laws of the company contain a requirement that a meeting of the Board of Directors should be held at least once in six weeks | Partially Complied | The Regulations on the BoD of OJSC Mosenergo, Article 8, paragraph 8.3. Meetings of the Board of Directors shall be held as required, but not less often than once every quarter. |
| 21. | Holding of Meetings of the Company's BoD in the course of a year, in which the Company's annual report is prepared, but not later than once every six weeks | Partially Complied | In 2009 Meetings of the Board of Directors were held as required. During the reporting period, the Company held 16 meetings of the BoD. |
| 22. | The by-laws of the company establish a procedure for conducting meetings of the Board of Directors | Complied | Mosenergo's Charter, Article 22, the Regulations of the BoD of OJSC Mosenergo, Articles 8 to 10. |
| 23. | The by-laws of the company include a provision on the need to have approval of the Board of Directors for the company's transactions amounting to 10% and more of the company's assets value, other than transactions performed in the ordinary course of business | Complied | Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraph 49. |
| 24. | The by-laws of the company provide for the right of the members of the Board of Directors to receive information necessary for the performance of their functions from the executive bodies and managers of the key structural divisions, and liability of the latter for non-provision of such information | Complied | The Regulations on the BoD of OJSC Mosenergo, Article 4, paragraph 4.2., sub paragraph 4.2.1. |
| 25. | There is a strategic planning committee of the Board of Directors or functions of such committee are assigned to some other committee (other than the Audit Committee or the Nomination and Compensation Committee) | Complied | |
| 26. | There is a committee (Audit Committee) of the Board of Directors that recommends an external auditor to the Board of Directors and communicates with the external auditor and the internal Audit Commission of the company | Complied | |
| 27. | The Audit Committee includes only independent and non-executive directors | Complied | |
| 28. | The Audit Committee is chaired by an independent director | Complied | |
| 29. | The by-laws of the joint stock company provide for the access of all the members of the Audit Committee to any documents and information of the company subject to non-disclosure of confidential information | Complied | The Regulations on the Audit of the BoD of OJSC Mosenergo, Article 3, Article 11. |
| 30. | There is a committee (Nomination and Compensation Committee) of the Board of Directors that is responsible for the determination of the criteria for the selection of candidates to the Board of Directors and development of the company's compensation policies | Complied | |
| 31. | The Nomination and Compensation Committee is headed by an independent director | Complied | |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| | | | |
|-------------------------|--|--------------------|---|
| 32. | There are no executives of the company in the Nomination and Compensation Committee | Complied | |
| 33. | There is a risk committee of the Board of Directors or functions of such committee are assigned to some other committee (other than the Audit Committee or the Nomination and Compensation Committee) | Not Complied | The Committee was not organised. |
| 34. | There is a committee for the settlement of corporate conflicts of the Board of Directors or functions of such committee are assigned to some other committee (other than the Audit Committee or the Nomination and Compensation Committee) | Not Complied | The Committee was not organised. |
| 35. | There are no executives of the company in the committee for the settlement of corporate conflicts | Not Complied | The Committee was not organised. |
| 36. | The committee for the settlement of corporate conflicts is headed by an independent director | Not Complied | The Committee was not organised. |
| 37. | The company has internal by-laws approved by the Board of Directors providing for the procedure of formation and operation of the committees of the Board of Directors | Complied | |
| 38. | The company's Charter provides for a procedure to determine the quorum of the Board of Directors that would ensure obligatory participation of independent directors at the Board meetings | Partially Complied | Mosenergo's Charter, Article 22, paragraphs 22.9, 22.10. |
| Executive Bodies | | | |
| 39. | The company has a collective executive body (Management Board) | Complied | Mosenergo's Charter, Article 25, paragraph 25.1, Article 27. |
| 40. | The Charter or by-laws of the company contain provisions on the need to have approval of the Management Board for real estate transactions and loans received by the company unless such transactions are major deals or are performed in the ordinary course of business | Complied partially | The Company's Charter stipulates approval of transactions in such cases that are determined by the Board of Directors and/or the Company's Executive Board. Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraphs 49, 50, 55, Article 27, paragraph 27.4., sub paragraphs 7, 9. |
| 41. | The by-laws of the company establish procedures for the approval of transactions which are outside the scope of the company's financial and operational plan | Complied | |
| 42. | There are no persons in the executive bodies who serve as members, the CEO (manager), members of the management body or employees of any competitor of the company | Complied | |
| 43. | There are no persons in the management bodies convicted of committing offences in the sphere of economic activity; against the government, against interests of the federal, regional and local government service; or that have been subjected to administrative penalties for offences in the sphere of entrepreneurial activities or in the sphere of finance, taxes and levies and the securities market. If the functions of the sole executive body are performed by a managing entity or a manager – the CEO and members of the Management Board of the managing entity or manager meet the requirements established for the CEO and members of the Management Board of the company | Complied | |

| | | | |
|---------------------------------|--|--------------------|--|
| 44. | The Charter or by-laws of the company contain a prohibition for the managing entity (manager) to perform similar functions for a competitor or have any other property relations with the company other than the provision of management services | Partially Complied | Mosenergo's Charter, Article 26, paragraph 26.7/ The resolution to delegate responsibilities of the Company's CEO to a managing organisation or a manager shall be made by a General Meeting of Shareholders acting on a proposal from the Company's Board of Directors. The conditions of the contract shall be approved by the Company's Board of Directors. |
| 45. | The by-laws of the company include the obligation of the members of the executive bodies to refrain from any actions that will or may potentially lead to a conflict of interests with the company and in the case of such conflict – their obligation to inform the Board of Directors on such conflict | Partially Complied | Regulations on the Informational Policy of OJSC Mosenergo, Article 8, paragraph 8.1. Members of the Executive Board, as well as the Company's CEO shall be obliged to submit a written notification to the Board of Directors about a rise of conflict or a possibility of a rise of conflict between their interests and the interests of the Company. The Regulations on the BoD of OJSC Mosenergo, Article 4., paragraph 4.2. When exercising their rights or fulfilling their obligations members of the Executive Board shall act pursue interests of the Company, exercise their rights and fulfil their obligations to the Company in a reasonable and bona fide manner. |
| 46. | The Charter or by-laws of the company contain criteria for the selection of the managing entity (manager) | Partially Complied | Mosenergo's Charter, Article 26, paragraph 26.7. The resolution to delegate responsibilities of the Company's CEO to a managing organisation or a manager shall be made by a General Meeting of Shareholders acting on a proposal from the Company's Board of Directors. The conditions of the contract shall be approved by the Company's Board of Directors. |
| 47. | Executive bodies provide monthly reports on their activities to the Board of Directors | Partially Complied | Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraph 25. |
| 48. | The contracts made by the company with the CEO (managing entity, manager) and members of the Management Board stipulate liability for violation of the provisions on the use of confidential and insider information | Complied | |
| Secretary of the Company | | | |
| 49. | There is a special official in the company (company Secretary) whose function is to ensure that the company's bodies and officials comply with procedural requirements guaranteeing the exercise of the legal rights and interests of the company's shareholders | Complied | Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraphs 13, Article 24. The Regulations on the BoD of OJSC Mosenergo, Article 7. |
| 50. | The Charter or by-laws of the company prescribe a procedure for the appointment (election) of the company Secretary and responsibilities of the company Secretary | Complied | Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraphs 13, Article 24. The Regulations on the BoD of OJSC Mosenergo, Article 7. |
| 51. | The company's Charter contains requirements to the candidate for the position of the company Secretary | Partially Complied | Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraph 13. The Regulations on the BoD of OJSC Mosenergo, Article 7., paragraph 7.2. |
| Major Corporate Actions | | | |
| 52. | The Charter or by-laws of the company contain a requirement on approval of any major deal before it is concluded | Complied | Mosenergo's Charter, Article 15, paragraph 15.1., sub paragraph 17, Article 20, paragraph 20.1., sub paragraph 48. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| | | | |
|-----|---|--------------|--|
| 53. | Obligatory engagement of an independent appraiser to determine the market value of any property that is subject to major transactions. | Complied | Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraphs 36, 48. |
| 54. | In the event of acquisition of any large stakes in the company (takeover), the Charter of the company prohibits taking any actions aimed at the protection of interests of the executive bodies (members of such bodies) and members of the Board of Directors, and also such actions that make the position of shareholders worse than their current position (in particular, prohibition of a decision by the Board of Directors to issue additional shares, securities convertible into shares or securities granting right to acquire shares in the company before the end of the expected time of the acquisition of shares, even if the right to take such decision is granted by the Charter). | Not Complied | |
| 55. | The company's Charter contains a requirement on obligatory engagement of an independent appraiser to determine the current market value of shares and potential changes in their market value as a result of takeover. | Complied | Mosenergo's Charter. Article 20, paragraph 20.1, sub paragraph 36. |
| 56. | The Charter of the company contains no exemption of the acquirer from the obligation to offer buyout of the company's ordinary shares (other securities convertible into ordinary shares) to the shareholders upon takeover. | Complied | |
| 57. | The Charter or by-laws of the company contain a requirement on obligatory engagement of an independent appraiser to determine the proportion for the conversion of shares on reorganisation. | Complied | Mosenergo's Charter, Article 20, paragraph 20.1., sub paragraph 36. |

Disclosure of Information

| | | | |
|-----|--|--------------|--|
| 58. | There is an internal document approved by the Board of Directors determining policies and procedures used by the company for the disclosure of information (Regulation on Information Policies). | Complied | Mosenergo's Informational Policy was approved by the BoD on 01/11/2004, Minutes 8. |
| 59. | The by-laws of the company contain a requirement to disclose purposes of placement of shares, persons that intend to acquire shares placed, including large stakes, and participation of officials of the company in the acquisition of the shares placed. | Not Complied | The Company shall disclose all required information in compliance to legislation of the Russian Federation, the Charter and by-laws of the Company. |
| 60. | The by-laws of the company contain a list of information, documents and materials that should be provided to shareholders for the decision on the issues put for the consideration of the General Meeting. | Complied | Mosenergo's Charter. Article 17, paragraph 17.17. Regulations on the General Meeting of Shareholders of OJSC Mosenergo, Article 5, paragraph 5.6. Regulations on the Informational Policy of OJSC Mosenergo, Article 5, paragraph 5.9.5. |
| 61. | The company has a web site and regularly discloses information about the company on the web site. | Complied | Regulations on the Informational Policy of OJSC Mosenergo, Article 4, paragraph 4.7. www.mosenergo.ru |
| 62. | The by-laws of the company contain a requirement to disclose information on the deals of the company with persons that are senior executives of the company in accordance with the Charter, and deals of the company with entities where senior executives of the company directly or indirectly hold 20 or more percent of the share capital or on which such persons may otherwise exercise significant influence. | Complied | Regulations on the Informational Policy of OJSC Mosenergo, Article 4, paragraph 4.1., sub paragraph 4.4.4. |

| | | | |
|-----|--|----------|--|
| 63. | The by-laws of the company contain a requirement to disclose information on all transactions that may affect the market value of the company's shares. | Complied | Mosenergo's Charter, Article 32, paragraph 32.4. Mosenergo's Regulations on Informational Policy, Article 4, paragraph 4.1 (g), sub paragraphs 4.4.4, 4.4.5 (zh, z), paragraph 4.4.8 and 4.4.19. |
| 64. | There is an internal document approved by the Board of Directors on the use of significant information on the activity, shares and other securities of the company and transactions with such shares and other securities, which is not publicly available and the disclosure of which may have material impact on the market value of shares and other securities of the company. | Complied | Mosenergo's Informational Policy was approved by the BoD on 01/11/2004, Minutes 8. Mosenergo's Insider Information Policy was approved by the BoD on 21/10/2005, Minutes 9. |

Control of Financial and Business Operations

| | | | |
|-----|--|--------------------|--|
| 65. | There are internal control procedures over the financial and operational activities of the company approved by the Board of Directors. | Complied | Mosenergo's Internal Control Regulations was approved by the BoD on 05/09/2005, Minutes 7, Article 5. |
| 66. | There is a special division in the company ensuring compliance with the internal control procedures (internal control service). | Complied | |
| 67. | The by-laws of the company contain a requirement that the structure and members of the internal control service should be determined by the Board of Directors. | Partially Complied | Mosenergo's Internal Control Regulations was approved by the BoD on 05/09/2005, Minutes 7, Article 5. 8. |
| 68. | There are no persons in the internal control service convicted of committing offences in the sphere of economic activity; against the government, against interests of the federal, regional and local government service; or that have been subjected to administrative penalties for offences in the sphere of entrepreneurial activities or in the sphere of finance, taxes and levies and the securities market. | Complied | |
| 69. | There are no persons in the internal control service who serve as members of the executive bodies of the company, as well as members, the CEO (manager), members of the management bodies or employees of any competitor of the company. | Complied | |
| 70. | The by-laws of the company establish dates for the submission of documents and materials to the internal control service for the assessment of financial and operational transactions performed, and liability of officials and employees of the company for failure to provide them in time. | Partially Complied | It shall be included in the inspection plan and procedure according to the Regulation on Internal Audit of OJSC Mosenergo. |
| 71. | The by-laws of the company provide for the obligation of the internal control service to communicate any violations detected to the Audit Committee, and where there is no such committee to the Board of Directors. | Complied | The Regulations on Internal Audit of OJSC Mosenergo, Article 7, paragraph 7.1, sub paragraph 7.1.4. |
| 72. | The company's Charter contains a requirement on preliminary assessment of the practicality of transactions not envisaged in the company's financial and operational plan (unusual transactions) by the internal control service. | Not Complied | |
| 73. | The by-laws of the company establish a procedure for the agreement of any unusual transactions with the Board of Directors. | Not Complied | |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| | | | |
|------------------|---|--------------|---|
| 74. | There is an internal document determining the procedure of audits of the financial and operating activities by the internal audit commission, approved by the Board of Directors. | Not Complied | The Regulations on the Audit Commission of OJSC Mosenergo was approved by the General Meeting of Shareholders of Mosenergo on May 30, 2002. |
| 75. | The Audit Committee performs an assessment of the auditor's report before it is presented to the shareholders in the General Meeting. | Complied | The Regulations on the Audit of the BoD of OJSC Mosenergo, Article 2, paragraph 2.1.4. |
| Dividends | | | |
| 76. | There is an internal document approved by the Board of Directors used as guidance by the Board of Directors in developing recommendations on the size of dividends (Regulation on Dividend Policies). | Not Complied | |
| 77. | The Regulation on Dividend Policies contains a procedure for the determination of the minimum share of the net profit of the company used for the payment of dividends, and conditions under which dividends are not paid or are not paid in full on preferred shares for which the size of dividends is determined in the company's Charter. | Not Complied | |
| 78. | Publication of information on dividend policies of the company and any amendments thereto in a periodical stipulated in the company's charter for publication of announcements on General Meetings, and on the web site of the company in the Internet. | Not Complied | |

Information on Interest Party Transactions

Board of Directors approved 23 interested-party transactions.

The List of Interested-Party Transactions Negotiated and Pre-Approved by the Board of Directors of OJSC Mosenergo in 2009, According to Article 83 of the Federal Law On Joint Stock Companies

| No. | Transaction | Transaction Parties | Subject of Transaction | Transaction Price | Deadline | Decision of the BoD about Transaction Approval |
|-----|----------------|---|--|-----------------------|----------------------------------|--|
| 1 | Loan Agreement | OJSC Bank of Moscow - LENDER, OJSC Mosenergo - BORROWER | The lender provides a loan to the borrower to replenish current assets. Interest rate - 18% p.a. | 1,600,000,000 roubles | Loan repayment date - 23/12/2009 | TRANSACTION APPROVED by the BoD Minutes 7, dated 10/11/08 issue 13 |
| 2 | Loan Agreement | OJSC Bank of Moscow - LENDER, OJSC Mosenergo - BORROWER | The lender provides a loan to the borrower to replenish current assets. Interest rate - 18% p.a. | 700,000,000 roubles | Loan repayment date - 23/06/2009 | TRANSACTION APPROVED by the BoD Minutes 7, dated 10/11/08 issue 14 |

| | | | | | | |
|---|--|--|---|--|--|--|
| 3 | Insurance Agreements 4 transactions | OJSC Mosenergo - INSURANT; OJSC SOGAZ - INSURER | The subject of these agreements is insurance of property according to existing legislation of the RF and the Issuer's Rules for Insurance of Property of Enterprises, dated 20/08/2007, as well as Rules for Insurance of Machinery and Mechanisms against Failures, dated 20/08/2007, Rules for Insurance of Lineal Part, Technological Equipment and Equipment of Main Gas, Oil and Goods Pipe Lines, dated 20/08/2007. | 4 transactions; insurance premium (total for insured property): 325,663,818.99 roubles | Insurance agreements are signed for the duration of one year. | TRANSACTION APPROVED by the BoD, minutes 9, dated 08/12/2008. issue 5.1. |
| 4 | Insurance Agreement | OJSC Mosenergo - INSURANT; OJSC SOGAZ - INSURER | The subject of the agreement is insuring against civil liability of the Insurant in case of damage to third parties resulting from malfunctioning of hydraulic equipment, according to the Insurer's Rules for Insuring Civil Liability of Operating Entities and Owners of Hydraulic Equipment, dated 20/08/2007. | Insurance Premium: 42,306 roubles | The insurance agreement is signed for the duration of one year. | TRANSACTION APPROVED by the BoD Minutes 9, dated 08/12/2008 issue 5.1. |
| 5 | Insurance Agreement | OJSC Mosenergo - INSURANT; OJSC SOGAZ - INSURER | Insurance of Mosenergo's employees against accidents and decease. | Insurance Premium: 18,659,120.00 roubles | 1 year insurance agreement | TRANSACTION APPROVED by the BoD Minutes 9, dated 08/12/2008 issue 5.1. |
| 6 | Contract | OJSC Mosenergo - ISSUER OJSC SR-DRAGa - REGISTRAR | Providing services required for maintenance and custody of the Issuer's Register of Holders of Registered Securities. | 11,800,000 roubles including VAT | Until the Issuer's decision to change the Registrar. | TRANSACTION APPROVED by the BoD, minutes 7, dated 10/11/08. issue 6 |
| 7 | Insurance Agreement 3 transactions | OJSC Mosenergo - INSURANT, OJSC SOGAZ - INSURER | Medical insurance agreement for the staff of OJSC Mosenergo | Insurance Premium: 36,296,870.57 roubles | The voluntary medical insurance contract comes into effect from the moment of signing and will remain in force until 12: 00 am of the 31st of December 2009. | TRANSACTION APPROVED by the BoD, minutes 6, dated 16/10/2008 issue 20 |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| | | | | | | |
|----|---------------------------------------|--|--|--|--|--|
| 8 | Insurance Agreement 2 transactions | OJSC Mosenergo - INSURANT; OJSC SOGAZ - INSURER | Insurance of transport vehicles and civil liability (third party liability insurance) | Insurance Premium: 28,607.00 roubles | Insurance agreements are signed for the duration of one year. | TRANSACTION APPROVED by the BoD Minutes 9, dated 08/12/2008 issue 5.1. |
| 9 | Out-of-Court Settlement | OJSC Moscow Heat Network Company - PLAINTIFF OJSC 'Mosenergo' - DEFENDANT | The parties have agreed that the Defendant shall transfer to the Plaintiff's account interest on borrowed funds; the amount to be transferred is 160,000,000 (one hundred sixty million) roubles, 00 kopecks. | 160,000,000 roubles | Not later than ten days after the confirmation of the Out-of-Court Settlement by the Court of Arbitration. | TRANSACTION APPROVED by the BoD Minutes 18, dated 22/06/2009 issue 3 |
| 10 | Contract | OJSC 'Mosenergo' - BUYER OJSC Gazpromneft-Center - SELLER | The seller shall transfer the Goods (motor fuel) to the Buyer's ownership, and the Buyer shall receive and pay for the goods. Significant provisions of the agreement for the supply of motor fuel between the Seller and the Buyer: - the goods trademark and quantity shall comply to e-maps which are owned by the Seller; - e-maps are programmed under the regime of daily of monthly restrictions for the supply of goods; - ownership of the Goods is transferred from the Seller to the Buyer from the moment of registration in the Accounting Terminal of the operation (special equipment) after the supply of goods; - the quality of Goods shall comply to the requirements of existing national standards (GOST), ToR and other regulatory acts of the RF. | The price of Goods is determined according to current retail prices in the Seller's points of sale, after all discounts. | from 03/03/2009 to 31/12/2009 | TRANSACTION APPROVED by the BoD Minutes 15, dated 27/04/2009 issue 8 |

| | | | | | | |
|----|--|--|--|---|--|--|
| 11 | Contract for the Supply of Petroleum Derivatives | OJSC 'Mosenergo' - BUYER OJSC Gazpromneft-Center - SELLER | In 2009 the Supplier shall supply petroleum derivatives (mark M-100 reduced fuel oil, diesel fuel) to the Buyer's subsidiaries, and the Buyer shall receive and pay for petroleum derivatives. The price of one tonne of petroleum derivatives includes: - when supplied by rail on f.o.r. conditions to the station of the receiver of cargo; VAT, rail tariff, payment for return of empty tank-wagons and filling services; - when supplied by motor transport on free warehouse of the receiver of cargo: VAT, transportation costs of the supplier and filling services. | from 01/01/2009 to 31/12/2009 | TRANSACTION APPROVED by the BoD Minutes 15, dated 27/04/2009 issue 9 | |
| 12 | Supplementary contract | OJSC 'Mosenergo' - ISSUER OJSC SR-DRAGa - REGISTRAR | Preparation and organisation of the Annual General Meeting of Shareholders. | Not more than 20,000,000 roubles, including VAT | Until complete fulfilment of obligations thereunder. | TRANSACTION APPROVED by the BoD Minutes 16, dated 12/05/09, issue 13 |
| 13 | Insurance Agreement | OJSC 'Mosenergo' - INSURANT OJSC 'SOGAZ' - INSURER | Insurance of liability of officials and executive bodies against damages to third parties resulting from unintended incorrect actions of the insured persons. | 79,900 USD | from 18/09/2009 to 17/09/2010 | TRANSACTION APPROVED by the BoD Minutes 9, dated 08/12/2008 issue 5.1. |
| 14 | Insurance Agreement | OJSC 'Mosenergo' - INSURANT OJSC 'SOGAZ' - INSURER | Insurance of general civil liability of the Insurant against damages to third parties. | 450,000.00 roubles | 19/09/2009 to 18/09/2010 | TRANSACTION APPROVED by the BoD Minutes 9, dated 08/12/2008 issue 5.1. |
| 15 | Lease Agreement | OJSC Mosenergo (LESSOR) and OJSC Moscow Unified Power Network Company (LESSEE) | Lease of commercial premises located at: Moscow, Bolshaya Pereyaslavskaya st., 12; total area of 1,861.9 square metres. | 20,073,091.14 roubles with VAT | from the 1st of December 2008 to the 31st of October 2009. | TRANSACTION APPROVED by the BoD Minutes 15, dated 27/04/2009 issue 11 |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

| | | | | | | |
|----|------------------------|--|---|--|-------------------------------|--|
| 16 | Supplementary contract | OJSC Mosenergo - CUSTOMER OJSC Moscow Heat Network Company - EXECUTOR | The subject of the agreement of is extension of contract number 6344-46, dated 26/04/2005 for 2Q09. According to the contract, the Executor shall provide free of cost transfer of heat and heat transfer medium through implementing a series of organisationally and technologically integrated measures for transmission of heat and heat transfer medium by technical equipment of heat networks owned by the Executor and/or in other lawful manner. | 3,127,585,704.80 roubles including VAT | from 01/04/2009 to 30/06/2009 | TRANSACTION APPROVED by the BoD Minutes 18, dated 22/06/2009 issue 2 |
| 17 | Supplementary contract | OJSC Mosenergo - CUSTOMER OJSC Moscow Heat Network Company - EXECUTOR | The subject of the additional agreement is extension of existing contract number 6344-46, dated 26/04/2005, starting from 01/07/2009 through 30/09/2009. According to the contract, the Executor shall provide free of cost transfer of heat and heat transfer medium through implementing a series of organisationally and technologically integrated measures for transmission of heat and heat transfer medium by technical equipment of heat networks owned by the Executor and/or in other lawful manner. | 1,402,239,600.21 roubles including VAT | from 01/07/2009 to 30/09/2009 | TRANSACTION APPROVED by the BoD Minutes 5, dated 14/09/2009 issue 6 |

The Company did not negotiate transactions recognised by the Federal Law on Joint Stock Companies as large-scale transactions, as well as other transactions which are regulated by the procedure for approval of large-scale transactions according to the Company's Charter.

Informational Policy

OJSC Mosenergo enforces an open information policy in the company. The Company's operations are regulated by principles of corporate governance accepted in civilised business, as well as principles of social responsibility and reliable partnership with public authorities.

Informational Policy of OJSC Mosenergo is aimed at prompt and full presentation of accurate information about the Company's activities, as well as providing free access to such information to all interested parties: shareholders, investors, public officials, the media etc.

Within the framework of Informational Policy implementation

Mosenergo organised 15 press tours to the Company's power plants in 2009. The Company published 49 press releases and more than 700 publications in the press, as well as 20 TV broadcasts on federal and regional channels. Furthermore, Mosenergo participated in full-scale industry exhibitions and conferences.

The key information resource of the Company is Mosenergo's official web site (<http://www.mosenergo.ru>). This web site provides full information about the Company's operations and allows us to respond promptly to inquiries submitted by shareholders, investors, public officials and the media. The web site publishes annual and quarterly shareholder reports, quarterly issuer reports, RAS and IFRS accounting statements, information which can affect securities value, as well as other required information.

| Section | p. |
|-----------------------------------|-----|
| OJSC 'Mosenergo' Today | 8. |
| Mosenergo Operations | 14. |
| Analysis of Financial Performance | 24. |
| Social Responsibility | 26. |
| Corporate Governance | 32. |
| Additional Information | 36. |

AUDIT REPORT

Prepared by the Audit Commission Following the Inspection of OJSC 'Mosenergo' Financial and Business Activities in 2009

08.04.2010

Moscow City

The Audit Commission, elected by the General Meeting of Shareholders, dated June 30, 2009, completed the inspection and analysis of the Company's financial and business activities in 2009, according to the approved plan of work.

The inspection involved the review of the 2009 Annual Report, the Company's Balance Sheet and its Annexes, the Income Statement, the Auditor's Report issued by CJSC PriceWaterhouseCoopers, charter documents and OJSC 'Mosenergo' decrees.

The 2009 Accounting Reports were prepared in compliance with the requirements set in the Federal Law of the Russian Federation No. 129-FZ of November 21, 1996 'On Accounting', and Decree No. 34n of the Ministry of Finance of the Russian Federation of July 29, 1998, 'On Approval of the Ordinance on Accounting and Accounting Reports in the Russian Federation', and Decree No. 67n of the Ministry of Finance of the Russian Federation, of July 22, 2003, 'On Forms of Accounting Reports of Organisations', as well as other regulatory acts, which are part of the system regulating accounting and accounting reports in the Russian Federation. The Company's Accounting was carried out according to OJSC 'Gazprom' Decree No. 347 of December 29, 2008, 'On Approval of the Ordinance on the Accounting Policy of OJSC 'Gazprom' and its Affiliates and Subsidiaries for 2008', as well as OJSC 'Mosenergo' Decree No. 557 of December 22, 2008.

The responsibility for the accuracy of Accounting Reports in the inspection period is vested in the Company's Management.

The analysis of the structure of the Company's assets and liabilities shows that the financial state of the Company was stable in the reporting period.

The Company enforces a system of internal control over the accuracy of accounting and compliance with all regulations and rules of reporting.

On March 1, 2010, CJSC PriceWaterhouseCoopers submitted the Auditor's Report on Accounting Reports which was prepared according to the Russian Accounting Standards. According to auditors, the Company's Accounting Reports accurately reflect, in all significant aspects, the financial state of the Company as of December 31, 2009, and the results of the Company's financial and business activities in the period from January 1, 2009 to December 31, 2009, according to the requirements of the Russian legislation regarding financial (accounting) reports.

Following the inspection of OJSC 'Mosenergo' financial and business activities, the Audit Commission believes that:

– the Company's Annual Accounting Report is prepared in compliance with the legislation of the Russian Federation and accurately reflects, in all significant aspects, the Company's financial situation as of December 31, 2009;

– financial information contained in the Company's Annual Report is accurate and complies with the data of financial (accounting) reports.

Chairman of the Audit Commission

A.V. Белобров

Members of the Audit Commission

B.A. Ковалев

E.V. Голдобина

E.S. Науменко

FINANCIAL REPORTS
IN ACCORDANCE WITH THE RUSSIAN
ACCOUNTING STANDARDS

AUDITOR'S REPORT on Accounting Reports

To shareholders of the Open Joint Stock Company of Power and Electrification 'Mosenergo':

Auditor

CJSC PriceWaterhouseCoopers (CJSC PwC Audit)

State registration certificate № 008.890, issued by the Moscow Registration Chamber on February 28, 1992.

Certificate of record in the Unified State Register of Legal Entities regarding the legal entity registered before July 1, 2002 No.1027700148431, issued by the Moscow City Consolidated Inspectorate No.39 of the Russian Ministry of Taxes and Levies on August 22, 2002.

Member of the Audit Chamber of Russia (IE ACR) which is a self-regulating organisation of auditors – registration record No.870 in the Registry of Members of IE ACR. The main registration record number (ORRN) in the Register of Auditors and Audit Organisations is 10201003683.

Client

Open Joint Stock Company of Power and Electrification 'Mosenergo' (short name – OJSC 'Mosenergo').

Raushskaya Embankment 8, Moscow, Russia, 115035.

The Certificate of State Registration number 012.473, issued by the Moscow Registration Chamber on April 6, 1993.

The Certificate of Record in the Unified State Register of Legal Entities about the legal entity registered before July 1, 2002, number 1027700302420, dated October 11, 2002, is issued by the Moscow Administration of the Ministry of Taxes and Levies of the Russian Federation.

AUDITOR'S REPORT
on Accounting Reports
of the Open Joint Stock Company of Power and Electrification 'Mosenergo'

To shareholders of the Joint Stock Company of Power and Electrification 'Mosenergo':

1. We have audited the attached Accounting Reports of Open Joint Stock Company of Energy and Electrification 'Mosenergo' (hereinafter - the Company) for the period from January 1 through December 31, 2009. The Company's Accounting Reports include the Balance Sheet, Income Statement, Change of Capital, Cash Flow Statement, Annex to the Balance Sheet, Explanatory Note to the Balance Sheet (hereinafter - Accounting Reports). Accounting Reports were prepared by the Company's Management in compliance with the legislation of the Russian Federation applicable to Accounting Reports. Accounting Reports prepared in compliance with this legislation significantly differ from reports prepared according to the International Financial Reporting Standards.
2. The Company's executive body is responsible for the preparation and presentation of Accounting Reports. Our obligation is to express our opinion on the accurate presentation, in all significant aspects, of these Accounting Reports following out audit.
3. We conducted our audit in accordance with the Federal Law 'On Audit', Federal Audit Rules (standards), International Audit Standards and our internal standards.

The audit was planned and carried out in such a way as to attain reasonable assurance that Accounting Reports contain no substantial misrepresentations. The audit was selective and included a test-based examination of evidence supporting the

- amounts listed in Accounting Reports, as well as assessing the disclosure of financial and business information, appraising adherence to principals and rules of accounting used during the preparation of Accounting Reports. We also reviewed major valuations of the Company's Management and appraised the overall presentation of Accounting Reports. We believe that this audit provides a basis for our opinion on the accuracy of these Accounting Reports.
4. In our opinion, the Company's Accounting Reports attached to this audit have been properly prepared to present in a fair light and in all significant aspects, the Company's financial position as of December 31, 2009, as well as providing results of the Company's financial and business operations in the period from January 1 through December 31, 2009. Accounting Reports were prepared in compliance with the legislation of the Russian Federation applicable to Accounting Reports.
 5. Without changing our opinion about the accuracy of Accounting Reports, we would like to draw your attention to the fact that, starting from 2002 to 2008, the Company was carrying out a selective revaluation of its fixed assets. Economic changes registered in this period show a substantial change of present (current) value of the non-revaluated fixed assets, which influenced the amount of accrued depreciation in 2008 and the comparable data listed in the Income Statement for 2009, in Line 020, Section 4 - 'Cost of Sold Goods, Products and Services'. This fact was disclosed in paragraph 19 of the second section of the Explanatory Note to the Company's Accounting Reports for 2009. As of January 1, 2009 the Company completed a full revaluation of its balance sheet fixed assets.

March 1, 2010

Director of Joint Stock Company

Auditor
Qualification Certificate No.K021345
for General Audit (termless)






R. Sood

E. G. Kostina

Approved by the Ministry of Finance
of the Russian Federation, dated June 22, 2003, No. 67 n
Tax Registration Reason Code 997450001

BALANCE SHEET as of December 31, 2009

| | Codes |
|---|-----------------------|
| Form 1 according to All-Russia Classifier of Management Documentation | 0710001 |
| Date (year, month, day) | 2009.12.31 |
| according to CCOG | 00102798 |
| Taxpayer's Identification Number | 7705035012 |
| according to All-Russia Classifier of Economic Activities | 40.10.11, 40.30.11 |
| Organisational and legal form / form of ownership | 47 / 42 |
| Open Joint Stock Company / Mixed Russian Company | |
| Measurement Unit: thous., roubles | |
| according to All-Russia Classifier of Measurement Units | 384 |
| Address: 115035, Moscow, Raushskaya Embankment, 8 | |
| Check total | |
| Date of approval | |
| Date of submission (approval) | |

| ASSETS | Indicator Code | As of the beginning of the reporting year | As of the end of the reporting period |
|--|----------------|--|--|
| 1 | 2 | 3 | 4 |
| I. NON-CURRENT ASSETS | | | |
| Intangible assets (04, 05) | 110 | 115 | 95 |
| Fixed assets | 120 | 134 978 915 | 132 570 291 |
| Construction in progress | 130 | 20 226 432 | 16 477 548 |
| Long-term financial investments | 140 | 119 511 | 119 331 |
| Deferred tax assets | 145 | 6 898 | 20 620 |
| Other non-current assets | 150 | 219 658 | 413 449 |
| TOTAL for Section I | 190 | 155 551 529 | 149 601 334 |
| II. CURRENT ASSETS | | | |
| Inventories, including: | 210 | 4 679 143 | 4 845 877 |
| raw, materials and other similar valuables | 211 | 4 323 331 | 4 496 613 |
| rears and fatteners | 212 | 112 405 | - |
| expenditures for work in progress | 213 | 81 475 | 134 416 |
| finished products and goods for reselling | 214 | 25 823 | 1 850 |
| expenses of future periods | 216 | 136 109 | 212 998 |
| Value-added tax on purchased valuables | 220 | 938 790 | 1 195 816 |
| Receivables (expected to be paid in more than 12 months from the reporting date), | 230 | 4 108 217 | 4 311 100 |
| Receivables (expected to be paid within 12 months from the reporting date), including: | 240 | 20 851 990 | 31 974 470 |
| buyers and customers | 241 | 7 261 375 | 14 368 127 |
| Short-term financial investments | 250 | 13 484 312 | 12 809 587 |
| Cash and cash equivalents | 260 | 2 820 332 | 2 068 255 |
| Other current assets | 270 | 214 286 | 291 929 |
| TOTAL for Section II | 290 | 47 097 070 | 57 497 034 |
| BALANCE (the sum of lines 190+290) | 300 | 202 648 599 | 207 098 368 |

| LIABILITIES | Indicator Code | As of the beginning of the reporting year | As of the end of the reporting period |
|--|----------------|--|--|
| 1 | 2 | 3 | 4 |
| III. CAPITAL AND RESERVES | | | |
| Charter capital | 410 | 39 749 360 | 39 749 360 |
| Equity bought back from shareholders | 411 | (898 804) | (870 825) |
| Additional capital | 420 | 126 696 534 | 126 283 308 |
| Reserve Capital, Including: | 430 | 725 595 | 794 181 |
| reserve funds created in compliance with the legislation | 431 | 725 595 | 794 181 |
| Retained earnings (unsecured loss) | 470 | (2 632 443) | 2 221 113 |
| TOTAL for Section III | 490 | 163 640 242 | 168 177 137 |
| IV. LONG-TERM LIABILITIES | | | |
| Loans and credit facilities | 510 | 14 743 910 | 17 699 975 |
| Deferred tax liabilities | 515 | 2 862 112 | 4 146 140 |
| Other long-term liabilities | 520 | 95 000 | - |
| TOTAL for Section IV | 590 | 17 701 022 | 21 846 115 |
| V. SHORT-TERM LIABILITIES | | | |
| Loans and credit facilities | 610 | 8 193 698 | 2 416 391 |
| Payables, including: | 620 | 12 929 882 | 14 588 755 |
| suppliers and contractors | 621 | 9 004 666 | 9 090 259 |
| accrued payroll | 622 | 338 055 | 1 090 |
| debts payable to public extra-budgetary funds | 623 | 63 497 | 576 |
| arrears of taxes and levies | 624 | 942 077 | 1 534 675 |
| other accounts payable | 625 | 2 581 587 | 3 962 155 |
| Arrears of revenues payable to members (founders) | 630 | 554 | 281 |
| incomes of future periods | 640 | 64 313 | 62 850 |
| Other short-term liabilities | 660 | 118 888 | 6 839 |
| TOTAL for Section V | 690 | 21 307 335 | 17 075 116 |
| BALANCE (the sum of lines 490+590+690) | 700 | 202 648 599 | 207 098 368 |

Statement of Valuables on Off-Balance Sheet Accounts

| Indicator name | Indicator Code | As of the beginning of the reporting year | As of the end of the reporting period |
|--|----------------|--|--|
| 1 | 2 | 3 | 4 |
| Fixed assets taken on lease, including: on long-term leasing | 910 | 118 454 | 42 840 422 |
| Inventories taken for safe custody | 911 | 85 606 | 508 220 |
| Bad debts written-off to losses | 920 | 19 862 | 13 894 |
| Security for liabilities and payments received | 940 | 1 984 532 | 1 237 964 |
| Security for liabilities and payments issued | 950 | 7 289 077 | 3 727 424 |
| Depreciation of housing stock | 960 | 380 503 | 296 165 |
| | 970 | 91 240 | 5 059 |

Head of Company  V.G. Yakovlev

(signature)

On this day «1» of march 2010

Chief Accountant  S.A. Suraev

(signature)


INCOME STATEMENT for 2009

| | Codes |
|---|--|
| Form 2 according to All-Russia Classifier of Management Documentation | 0710002 |
| Date (year, month, day) | 2009.12.31 |
| according to CCOG | 00102798 |
| Taxpayer's Identification Number | 7705035012 |
| Type of Operations: Electric-power industry, heat-power engineering | 40.10.11, 40.30.11 |
| Organisational and legal form / form of ownership | According to All-Russia Classifier of Economic Activities According to All-Russia Classifier of Legal and Business Structures /All-Russia Classifier of Ownership Forms |
| Open Joint Stock Company / Mixed Russian Company | 47 / 42 |
| Measurement Unit: thous., roubles | |
| Address: 115035, Moscow, Raushskaya Embankment, 8 | according to All-Russia Classifier of Measurement Units 384 |

| Indicator name | Line code | For the Reporting Period | YoY |
|---|------------|--------------------------|------------------|
| I. Operating income and expenditures | | | |
| Revenue from sales of goods, products, works, services (net of VAT, excises and similar mandatory payments) | 010 | 112 227 438 | 94 779 370 |
| Production cost of goods, products, works, services sold | 020 | (105 137 953) | (89 980 958) |
| Gross profit | 029 | 7 089 485 | 4 798 412 |
| Business expenses | 030 | (75 023) | (110 911) |
| Management expenses | 040 | -- | -- |
| Profit (loss) from sales | 050 | 7 014 462 | 4 687 501 |
| II. Other gains and expenses | | | |
| Interest receivable | 060 | 1 320 406 | 1 510 644 |
| Interest payable | 070 | (2 318 453) | (1 208 340) |
| Income from interest in other organisations | 080 | 25 194 | 7 878 |
| Other gains | 090 | 7 495 044 | 19 113 787 |
| Other expenses | 100 | (6 563 065) | (21 891 401) |
| Profit (loss) before tax | 140 | 6 973 588 | 2 220 069 |
| Deferred tax assets | 141 | 13 722 | 7 465 |
| Deferred tax liabilities | 142 | (1 284 028) | (285 999) |
| Profit tax- related expenses, current | 150 | (1 520 432) | (1 198 150) |
| Other similar obligatory payments | 151 | 326 140 | 628 336 |
| Net Profit (loss) for the reporting period | 190 | 4 508 990 | 1 371 721 |
| FOR REFERENCE | | | |
| Standing tax liabilities (assets) | 200 | 1 062 323 | 314 823 |
| Only for annual accounting statements | | | |
| Basic earnings (loss) per share | 201 | 0,1138 | 0,0346 |
| Diluted earnings (loss) per share | 202 | 0,0000 | 0,0000 |

Breakdown of separate profit and losses

| Indicator name | Line code | For the Reporting Period | | YoY | |
|---|-----------|--------------------------|-----------|---------|-----------|
| | | profit | loss | profit | loss |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Penalties, fines and forfeits recognized or imposed by decision of the court (arbitration): | 210 | 73 214 | 47 192 | 19 461 | 15 910 |
| Profit (loss) of previous years: | 220 | 246 359 | 55 416 | 273 291 | 264 374 |
| Reimbursement for losses inflicted by non-fulfilment or improper fulfilment of obligations: | 230 | 2 750 | 93 027 | 2 489 | 389 332 |
| Deviations in rates of exchange for transactions in foreign currency: | 240 | 108 385 | 154 059 | 155 861 | 267 049 |
| Allocations to valuation reserves: | 250 | X | 1 654 930 | X | 2 477 410 |
| Writing off of accounts receivable and payable with expired period of limitation | 260 | 5 859 | 12 108 | 2 608 | 1 754 |

Head of Company  V.G. Yakovlev
(signature)

Chief Accountant  S.A. Suraev
(signature)

On this day «1» of march 2010

CAPITAL CHANGE REPORT for 2009

| | Codes |
|---|--------------------|
| Form 3 according to All-Russia Classifier of Management Documentation | 710003 |
| Date (year, month, day) | 2009.12.31 |
| according to CCOG | 00102798 |
| Taxpayer's number | 7705035012 |
| According to All-Russia Classifier of Economic Activities | 40.10.11, 40.30.11 |
| According to All-Russia Classifier of Legal and Business Structures /All-Russia Classifier of Ownership Forms | 47 / 42 |
| according to All-Russia Classifier of Measurement Units | 384 |

Organisation OJSC Mosenergo
Taxpayer's Identification Number
Type of Operations: Electric-power industry, heat-power engineering
Organisational and legal form / form of ownership
Open Joint Stock Company / Mixed Russian Company
Measurement Unit: thous., roubles
Address: 115035, Moscow, Raushskaya Embankment, 8

I. Change in capital

| Indicator | | Charter capital | Additional capital | Retained earnings (unsecured loss) | Equity bought back from shareholders | Total | | |
|---|------|-----------------|--------------------|------------------------------------|--------------------------------------|-------------|-------------|---|
| Name | Code | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| Closing balance as of December 31 of the year preceding the previous year | 010 | 39 749 360 | 76 635 945 | 688 621 | 1 236 271 | 118 310 197 | | |
| 2008 год (previous year) | | | | | | | - | - |
| Result of revaluation of fixed asset items | 012 | x | 4 445 944 | x | (4 464) | - | 4 441 480 | |
| Changes in accounting policy | 013 | x | - | x | 105 | - | 105 | |
| Closing balance as of January 1, 2009 of the previous year | 020 | 39 749 360 | 81 081 889 | 688 621 | 1 231 912 | - | 122 751 782 | |
| Net profit | 025 | x | x | x | 1 371 721 | - | 1 371 721 | |
| Dividends | 026 | x | x | x | - | - | - | |
| Reserve Fund allocations | 030 | x | x | 36 974 | (36 974) | - | - | |
| Increase of the capital value for the account of: | 040 | | | | 36 613 | - | 36 613 | |
| reorganisation of the legal entity | 043 | - | x | x | 7 891 | - | 7 891 | |
| other | 044 | - | | | 28 722 | - | 28 722 | |
| Decrease of the capital value for the account of: | 050 | - | (28 722) | | | (898 804) | (927 526) | |
| reorganisation of the legal entity | 053 | - | x | x | - | (870 825) | (870 825) | |
| buyback of shares | 054 | | | | | (27 979) | (27 979) | |
| other | 055 | - | (28 722) | | | | (28 722) | |
| Closing balance as of December 31 of the previous year | 060 | 39 749 360 | 81 053 167 | 725 595 | 2 603 272 | (898 804) | 123 232 590 | |


| Indicator | | Charter capital | Additional capital | Retained earnings (unsecured loss) | Equity bought back from shareholders | Total | |
|---|------|-----------------|--------------------|------------------------------------|--------------------------------------|-----------|-------------|
| Name | Code | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2009 год (reporting year) | | | | | | | |
| Result of revaluation of fixed asset items | 062 | x | 45 643 367 | x | (3 696 246) | - | 41 947 121 |
| Changes in accounting policy | 063 | x | - | x | (1 539 469) | - | (1 539 469) |
| Closing Balance as of January 1 of the reporting year | 100 | 39 749 360 | 126 696 534 | 725 595 | (2 632 443) | (898 804) | 163 640 242 |
| Net profit | 105 | x | x | x | 4 508 990 | - | 4 508 990 |
| Dividends | 106 | x | x | x | - | - | - |
| Reserve Fund allocations | 110 | x | x | 68 586 | (68 586) | - | - |
| Increase of the capital value for the account of: | 120 | - | - | - | 413 226 | 27 979 | 441 205 |
| other | 124 | - | - | - | 413 226 | 27 979 | 441 205 |
| Decrease of the capital value for the account of: | 130 | - | (413 226) | - | (74) | - | (413 300) |
| other | 135 | - | (413 226) | - | (74) | - | (413 300) |
| Closing Balance as of December 31 of the reporting year | 140 | 39 749 360 | 126 283 308 | 794 181 | 2 221 113 | (870 825) | 168 177 137 |


II. Reserves

| Indicator | | Closing Balance | Received | Used | Closing Balance |
|---|------|-----------------|-----------|-------------|-----------------|
| Name | Code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Reserve funds created in compliance with the legislation: | | | | | |
| Reserve capital | | | | | |
| data for the previous year | 150 | 688 621 | 36 974 | | 725 595 |
| data for the reporting year | 151 | 725 595 | 68 586 | | 794 181 |
| Valuation reserves | | | | | |
| bad debt reserves | | | | | |
| data for the previous year | 160 | 1 389 265 | 2 365 361 | (2 033 410) | 1 721 216 |
| data for the reporting year | 161 | 1 721 216 | 1 653 933 | (1 791 933) | 1 583 216 |
| provision for impairment of financial investments | | | | | |
| data for the previous year | 162 | 644 | - | (198) | 446 |
| data for the reporting year | 163 | 446 | 997 | | 1 443 |
| provision formed in connection with the consequences of business contingencies | | | | | |
| data for the previous year | 166 | 6 839 | 112 049 | - | 118 888 |
| data for the reporting year | 167 | 118 888 | | (112 049) | 6 839 |

For reference

| Indicator | | Opening balance for the reporting year | | Closing balance for the reporting period | |
|--|------|--|-----------------------|--|-----------------------|
| Name | Code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1) Net Assets | 200 | 163 704 555 | | 168 239 987 | |
| | | From budget funds | | From off-budget funds | |
| | | for the reporting year | for the previous year | for the reporting year | for the previous year |
| | | 3 | 4 | 5 | 6 |
| 2) Received for core activities spending, total including: | 210 | 389 073 | 342 386 | 331 | 547 |
| Payments to Chernobyl victims | 211 | - | - | - | - |
| other | 212 | 389 073 | 342 386 | 331 | 547 |

Head of Company  V.G. Yakovlev
(signature)
On this day «1» of march 2010

Chief Accountant  S.A. Suraev
(signature)

Approved by the Ministry of Finance
of the Russian Federation, dated June 22, 2003, No. 67 n


CASH FLOW STATEMENT
for 2009

| | Codes |
|---|--------------------|
| Form 4 according to All-Russia Classifier of Management Documentation | 0710004 |
| Date (year, month, day) | 2009.12.31 |
| according to CCOG | 00102798 |
| Taxpayer's number | 7705035012 |
| According to All-Russia Classifier of Economic Activities | 40.10.11, 40.30.11 |
| According to All-Russia Classifier of Legal and Business Structures /All-Russia Classifier of Ownership Forms | 47 / 42 |
| according to All-Russia Classifier of Measurement Units | 384 |

Organisation OJSC Mosenergo
Taxpayer's Identification Number
Type of Operations: Electric-power industry, heat-power engineering
Organisational and legal form / form of ownership
Open Joint Stock Company / Mixed Russian Company
Measurement Unit: thous., roubles
Address: 115035, Moscow, Raushskaya Embankment, 8

| Name | Indicator Code | For the Reporting Period | For the Previous Period |
|---|----------------|--------------------------|-------------------------|
| 1 | 2 | 3 | 4 |
| Opening cash balance for the beginning of the reporting year | 010 | 2 820 170 | 8 233 767 |
| Cash flow from current activity | | | |
| Cash received from buyers, customers | 020 | 123 923 332 | 107 541 482 |
| Other gains (proceeds) | 050 | 1 680 632 | 5 958 199 |
| Cash allocated for: | | | |
| payment for purchased goods, works, services, raw materials and other current assets | 150 | (88 918 351) | (80 759 020) |
| Payment for labour | 160 | (6 430 701) | (6 384 388) |
| Payment of dividends, interest | 170 | (2 415 314) | (1 537 801) |
| Payment of interest | 1701 | (2 415 314) | (1 537 778) |
| Payment of dividends | 1702 | - | (23) |
| settlements of taxes and levies | 180 | (9 797 712) | (5 655 549) |
| social payments | 183 | (587 897) | (865 577) |
| other expenses (payments) | 190 | (7 906 115) | (10 598 948) |
| allocations to state off-budget funds | 1901 | (1 206 432) | (1 347 860) |
| payment of advances | 1903 | (4 075 067) | (4 209 322) |
| other expenses | 1904 | (2 624 616) | (5 041 766) |
| Net Cash from current activity | 200 | 9 547 874 | 7 698 398 |
| Cash flow from investments | | | |
| Revenue from sales of fixed assets and other non-current assets | 210 | 3 899 476 | 10 530 |
| Revenue from sales of securities and other financial investments | 220 | 1 041 366 | 15 408 152 |
| Dividends received | 230 | 22 926 | 8 461 |
| Interest received | 240 | 77 088 | 990 856 |
| Redemption of Deposits | 250 | 5 001 000 | 26 312 674 |
| Proceeds from redemption of loans received from other organisations | 260 | 606 125 | - |
| Placement of deposits | 270 | (5 001 000) | (15 520 000) |
| Acquisition of fixed assets, of income-generating investments into tangible assets and of intangible assets | 280 | (9 049 074) | (28 669 808) |

| Name | Indicator Code | For the Reporting Period | For the Previous Period |
|--|----------------|--------------------------|-------------------------|
| 1 | 2 | 3 | 4 |
| Acquisition of securities and other financial investments | 290 | - | (53 245) |
| Loans granted to other organizations | 300 | - | (13 375 000) |
| Other Expenses | 310 | (3 546 856) | (2 183 591) |
| payment of advances | 3101 | (3 277 440) | (1 658 178) |
| other expenses | 3102 | (269 416) | (525 413) |
| Net Cash from Investments | 320 | (6 948 949) | (17 070 971) |
| Cash flow from financial activities | | | |
| Proceeds from loans and credit facilities granted by other organizations | 340 | 15 766 341 | 11 080 932 |
| Repayment of loans and credit facilities (net of interest) | 360 | (18 711 271) | (5 447 159) |
| Extinction of financial lease obligations | 370 | (405 989) | (116 889) |
| Other Expenses | 380 | - | (1 558 327) |
| Net Cash from Financial Operations | 390 | (3 350 919) | 3 958 557 |
| Net increase (decrease) in cash and cash equivalents | 400 | (751 994) | (5 414 016) |
| Closing balance for the reporting year | 410 | 2 068 176 | 2 819 751 |
| Effect of foreign exchange rate fluctuations against the rouble | 420 | 7 | 2 968 |

Head of Company  V.G. Yakovlev
(signature)

On this day «1» of march 2010

Chief Accountant  S.A. Suraev
(signature)

Approved by the Ministry of Finance
of the Russian Federation, dated June 22, 2003, No. 67 n

ANNEX TO THE BALANCE SHEET for 2009

| | | Codes |
|---|---|--------------------|
| Form 5 according to All-Russia Classifier of Management Documentation | | 0710005 |
| Organisation OJSC Mosenergo | Date (year, month, day) | 2009.12.31 |
| Taxpayer's Identification Number | according to CCOG | 00102798 |
| Type of Operations: Electric-power industry, heat-power engineering | Taxpayer's number | 7705035012 |
| Organisational and legal form / form of ownership | According to All-Russia Classifier of Economic Activities | 40.10.11, 40.30.11 |
| Open Joint Stock Company / Mixed Russian Company | According to All-Russia Classifier of Legal and Business Structures /All-Russia Classifier of Ownership Forms | 47 / 42 |
| Measurement Unit: thous., roubles | according to All-Russia Classifier of Measurement Units | 384 |

Intangible Assets

| Indicator | Availability as of the beginning of the reporting year | Received | Retired | Availability as of the end of the reporting period | |
|---|--|----------|---------|--|-----|
| Name | Code | 3 | 4 | 5 | |
| 1 | 2 | 3 | 4 | 5 | |
| Intellectual property objects (exclusive rights to intellectual property results) | 010 | 147 | -- | -- | 147 |
| including: | | | | | |
| with owner's rights to trade and service mark, name of the place of goods origin | 014 | 147 | -- | -- | 147 |
| Total | 045 | 147 | -- | -- | 147 |

| Indicator | Availability as of the beginning of the reporting year | Availability as of the end of the reporting period | |
|---|--|--|----|
| Name | Code | 3 | 4 |
| 1 | 2 | 3 | 4 |
| Amortisation of intangible assets, total | 050 | 32 | 52 |
| including owner's rights to trade and service mark, name of the place of goods origin | 051 | 32 | 52 |

Fixed Assets

| Indicator | Availability as of the beginning of the reporting year | Received | Retired | Availability as of the end of the reporting period | |
|---|--|--------------------|------------------|--|--------------------|
| Name | Code | | | | |
| 1 | 2 | 3 | 4 | 5 | |
| Buildings | 110 | 82 146 811 | 4 566 792 | (1 600 503) | 85 113 100 |
| Facilities and transfer devices | 111 | 78 015 009 | 1 940 121 | (18 214) | 79 936 916 |
| Machines and equipment | 112 | 153 281 270 | 2 290 880 | (312 295) | 155 259 855 |
| Transport vehicles | 113 | 1 117 197 | 5 169 | (147 555) | 974 811 |
| Production and household tools | 114 | 267 492 | 7 242 | (51 998) | 222 736 |
| Work livestock | 115 | 0 | | | 0 |
| Productive livestock | 116 | 159 614 | 55 265 | (214 879) | -- |
| Perennial plants | 117 | 147 | | | 147 |
| Other types of fixed assets | 118 | 47 953 | 345 | (12 910) | 35 388 |
| Land slots and environmental management sites | 119 | 230 | 6 515 | | 6 745 |
| Capex for land reclamation | 120 | 0 | | | 0 |
| Total | 130 | 315 035 723 | 8 872 329 | (2 358 354) | 321 549 698 |

| Indicator | Availability as of the beginning of the reporting year | Availability as of the end of the reporting period | |
|--|--|--|-------------|
| Name | Code | | |
| 1 | 2 | 3 | |
| Amortisation of fixed assets, total | 140 | 180 056 808 | 188 979 407 |
| including: | | | |
| buildings and facilities | 141 | 81 661 470 | 84 879 626 |
| machinery, equipment, transport vehicles | 142 | 98 209 719 | 103 986 519 |
| other | 143 | 185 619 | 113 262 |
| Fixed assets given on lease, total | 150 | 37 030 839 | 47 283 744 |
| including: | | | |
| buildings | 151 | 22 839 610 | 2 383 928 |
| facilities | 156 | 13 612 696 | 44 319 679 |
| machinery, equipment, transport vehicles | 152 | 577 925 | 579 619 |
| other | 153 | 608 | 518 |
| Fixed asset items laid up | 155 | 242 659 | 242 064 |
| Fixed asset items received on lease, total | 160 | 118 454 | 42 840 422 |
| including: | | | |
| including: buildings and facilities | 161 | 3 546 | 387 969 |
| machinery, equipment, transport vehicles | 162 | 114 908 | 144 113 |
| other | 163 | 0 | 42 308 340 |
| Real estate accepted for operation and undergoing state registration | 165 | 7 200 347 | 7 234 354 |

| FOR REFERENCE | Availability as of the beginning of the reporting year | Availability as of the end of the reporting period | |
|--|--|--|------------|
| Code | | | |
| 2 | 3 | 4 | |
| Fixed asset revaluation results: | | | |
| original (replacement cost) value | 170 | 41 947 121 | 4 441 480 |
| amortisation | 171 | 87 757 401 | 17 724 960 |
| Change in the value of fixed asset items due to of additional construction, additional equipment, refurbishment, and partial liquidation | 172 | 45 810 280 | 13 283 480 |
| | 180 | 3 102 124 | 1 450 672 |

Financial Investments

| Indicator | Long-term | Short-term | | | |
|---|--|--|--|--|-------------------|
| Name | Availability as of the beginning of the reporting year | Availability as of the end of the reporting period | Availability as of the beginning of the reporting year | Availability as of the end of the reporting period | |
| 1 | 2 | 3 | 4 | 5 | |
| Contributions to charter (joint-stock) capitals of other organizations, total | 510 | 110 579 | 111 396 | 0 | 0 |
| including those of subsidiaries and related business companies | 511 | 54 487 | 54 587 | 0 | 0 |
| Securities of other organisations, total | 520 | 9 378 | 9 378 | 0 | 0 |
| including debt securities (bonds, bills of exchange) | 521 | 9 378 | 9 378 | 0 | 0 |
| Borrowings granted | 525 | 0 | 0 | 13 443 600 | 12 768 875 |
| Other | 535 | -- | 0 | 40 712 | 40 712 |
| Total | 540 | 119 957 | 120 774 | 13 484 312 | 12 809 587 |
| Out of the total amount, financial investments that have a current market value: | | | | | |
| Contributions to charter (joint-stock) capitals of other organizations, total | 550 | 27 182 | 51 333 | 0 | 0 |
| Total | 570 | 27 182 | 51 333 | 0 | 0 |

| FOR REFERENCE | Availability as of the beginning of the reporting year | Availability as of the end of the reporting period | | | |
|--|--|--|--------|---|---|
| Code | | | | | |
| 2 | 3 | 4 | | | |
| For financial investments that have a current market value, change in the value as a result of evaluation adjustment | 580 | 61 982 | 24 151 | 0 | 0 |

Accounts Receivable and Payable

| Indicator | Opening balance for the reporting period | Closing balance for the reporting period | |
|---------------------------------------|--|--|-------------------|
| Name | Code | | |
| 1 | 2 | 3 | |
| Accounts receivable: | | | |
| short-term, total | 610 | 22 573 206 | 33 526 507 |
| including: | | | |
| settlements with buyers and customers | 611 | 8 792 529 | 15 679 874 |
| advances granted | 612 | 12 337 057 | 15 182 609 |
| other | 613 | 1 443 620 | 2 664 024 |
| long-term, total | 620 | 4 108 217 | 4 342 279 |
| including: | | | |
| settlements with buyers and customers | 621 | 0 | |
| advances granted | 622 | 4 020 277 | 4 279 325 |
| other | 623 | 87 940 | 62 954 |
| Total | 630 | 26 681 423 | 37 868 786 |

| Indicator | | Opening balance for the reporting period | Closing balance for the reporting period |
|--|------------|--|--|
| Name | Code | | |
| 1 | 2 | 3 | 4 |
| Accounts payable: | | | |
| short-term, total | 640 | 21 123 580 | 17 005 146 |
| including: | | | |
| settlements with suppliers and contractors | 641 | 9 004 666 | 9 090 259 |
| advances received | 642 | 1 473 355 | 2 129 550 |
| settlements on taxes and levies | 643 | 942 077 | 1 534 675 |
| loans | 644 | 7 966 999 | 3 468 |
| borrowings | 645 | 226 699 | 2 412 923 |
| other | 646 | 1 509 784 | 1 834 271 |
| long-term, total | 650 | 14 838 910 | 17 699 975 |
| including: | | | |
| loans | 653 | 5 331 667 | 3 287 732 |
| borrowings | 654 | 9 412 243 | 14 412 243 |
| other | 655 | 95 000 | 0 |
| Total | 660 | 35 962 490 | 34 705 121 |

Operating Expenses (by cost elements)

| Indicator | | for the reporting year | for the previous year |
|---|------|------------------------|-----------------------|
| Name | Code | | |
| 1 | 2 | 3 | 4 |
| Material expenses | 710 | 80 301 284 | 69 918 918 |
| Labour costs | 720 | 7 235 990 | 7 981 381 |
| Allocations for social needs | 730 | 1 214 041 | 1 550 908 |
| Amortisation | 740 | 9 963 005 | 6 359 512 |
| Other costs | 750 | 6 498 656 | 4 281 150 |
| Total for cost elements | 760 | 105 212 976 | 90 091 869 |
| Change in balances (increase [+], reduction [-]): | | | |
| of work in progress | 765 | 52 941 | (286) |
| of deferred expenditure | 766 | 270 680 | 126 577 |

Security

| Indicator | | Opening balance for the reporting period | Closing balance for the reporting period |
|-------------------|------|--|--|
| Name | Code | | |
| 1 | 2 | 3 | 4 |
| received, total | 810 | 7 289 077 | 3 727 424 |
| including: | | | |
| Property pledged | 820 | 52 385 | 35 639 |
| including | | | |
| fixed asset items | 821 | 29 885 | 5 753 |
| other | 823 | 22 500 | 29 886 |
| Issued, total | 830 | 380 503 | 296 165 |
| including: | | | |
| Property pledged | 840 | 6 899 057 | 0 |
| including | | | |
| fixed asset items | 841 | 6 899 057 | 0 |

State subsidies

| Indicator | | For the reporting period | YoY |
|--|------|--------------------------|---------|
| Name | Code | | |
| 1 | 2 | 3 | 4 |
| Public funding received in the reporting year, total | 910 | 388 795 | 342 311 |
| including: | | | |
| Agricultural subsidies | 911 | | 17 876 |
| Other | 912 | 388 795 | 324 435 |

Head of Company  V.G. Yakovlev

(signature)

On this day «1» of march 2010

Chief Accountant  S.A. Suraev

(signature)

OJSC «Mosenergo»

Explanatory Note to

Mosenergo Annual Accounting Statements for 2009

I. General Information

1. Background Information

The open joint-stock company of power and electrification Mosenergo is a regional power company operating in the field of electricity and capacity generation, heat generation and distribution in Moscow and the Moscow Region.

The share of revenue from Mosenergo operations listed above amounts to 92.78% of total revenue from sale of goods, works and services (90.57% in 2008).

OJSC Mosenergo (hereinafter - the Company) was registered in the Russian Federation on April 6, 1993 under Ordinance 169-P issued by the State Property Management Committee on March 26, 1993. As a result of privatisation of the Russian power industry, the state-owned company MPO "Mosenergo" was restructured as an open joint-stock company. Individual assets and liabilities previously under control of the Ministry of Fuel and Energy of the Russian Federation were transferred to the Company's Balance Sheet.

The Certificate of state registration number 012. 473 is issued by Moscow Registration Chamber in the Government of Moscow on April 6, 1993. The Certificate of Record in the Uniform State Register of Legal Entities about the legal entity registered before July 1, 2002, number 1027700302420 dated October 11, 2002, is issued by the Moscow Administration of the Ministry of Taxes and Levies of the Russian Federation. The Company is registered at the following address: 115035, Moscow, Raushskaya Embankment, 8.

The Company's shares are traded on MICEX and RTS Stock Exchanges.

In April 2009 OJSC Gazprom transferred its share of 53.47% of the Company to its 100%-owned subsidiary, Gazprom Energoholding, Ltd. The Company's own shares as of December 31, 2009:

- 53.498% owned by Gazprom Energoholding, Ltd;
- 26.446% owned by The Moscow Department of Property;
- 15.842% owned by legal entities and nominee shareholders;
- 3.861% owned by individuals;
- 0.353% posted on Mosenergo's bankbook.

The number of staff on the Company's payroll amounted to 12,599 people in 2009 (16,725 people in 2008).

2. Affiliates (Structural Subdivisions)

As of December 31, 2009 the Company included 25 of regional subsidiaries:

| Name of Subsidiary (Structural Subdivisions) | Domicile |
|--|---|
| P.G. Smidovich HPS-1 | 115035, Moscow, Sadovnicheskaya st., 11 |
| R.E. Klasson TPP-3 | 142530, Moscow Region, Elektrogorsk |
| CTPP-8 | 109316, Moscow, Potapovskiy proezd, 1 |
| CTPP-9 | 115280, Moscow, Avtozavodskaya st., 12, building 1 |
| M.Y. Ufaev CTPP-11 | 111024, Moscow, Entusiastov highway, 32 |
| CTPP-12 | 123995, Moscow, Berezhkovskaya Embankment, 16 |
| CTPP-16 | 123298, Moscow, 3 Khoroshevskaya st., 14 |
| CTPP-17 | 142800, Moscow Region, Stupino, Frunze st, 19 |
| CTPP-20 | 117312, Moscow, Vavilova st., 13 |
| CTPP-21 | 125412, Moscow, Izhorskaya st., 9 |
| CTPP-22 | 140091, Moscow Region, Dzerzhinskiy, Energetikov st., 5 |
| CTPP-23 | 107497, Moscow, Montazhnaya st., 1/4 |
| CTPP-25 | 119530, Moscow, General Dorokhov st., 16 |
| CTPP-26 | 117403, Moscow, Vostryakovskiy proezd, 10 |

OJSC «Mosenergo» Explanatory Note to Mosenergo Annual Accounting Statements for 2009

| | |
|---|---|
| CTPP-27 | 141031, Moscow Region, Mytishchi District, post office Chelobityevo |
| Energosvyaz | 115035, Moscow, Sadovnicheskaya st., 15/2 |
| Central Repairs and Mechanical Plant (CRMP) | 109428, Moscow, Ryazanskiy prospekt, 10 |
| Mosenergonaladka (MEN) | 115432, Moscow 2nd Kozhukhovskiy proezd, 29/2, building 16 |
| Moselektroremenergo (MERE) | 109428, Moscow, Ryazanskiy prospekt, 10 |
| IT Centre | 123995, Moscow, Berezhkovskaya Embankment, 16 |
| Avtokhozyaistvo (ATH) | 121059, Moscow, Berezhkovskaya Embankment, 18 |
| Teplosbyt | 105005, Moscow, Aptekarskiy per., 4, building 4 |
| Sales and production enterprise of work supply (Energotorg) | 121059, Moscow, Berezhkovskaya Embankment, 18 |
| Agroindustrial holding Shaturskiy (APK Shaturskiy) | 140711, Moscow Region, Shaturskiy District, Petrovskoe village, 2 |
| Teplovyte Seti | 115184, Moscow, B. Tatarskaya st., 46A |

According to the BoD's resolution number 12, dated February 13, 2009 about the liquidation of subsidiaries, the Company liquidated the following subsidiaries in 2009:

- CTPP-6;
- CTPP-28;
- The Enterprise for Production and Technological Furnishing;
- Pilot Plant for Automation and Instruments;
- Special Design and Technological Bureau of High-Voltage and Cryogenic Equipment;
- Mosenergospetsremont;
- Moscow Design Institute for Power Facilities;
- Medical and sanitary facility.

Within the frameworks of the program on organisational chart optimization and property management Mosenergo continued operations to liquidate MEN and IVC, as well as started liquidation of the following branches: Energosvyaz, CRMP and MERE. We expect that these decisions regarding Mosenergo reorganisation will be fully implemented in 2010.

3. Key Activities of the Company

Key business activities of the Company include: generation of electricity and heat; supply (sales) of electricity and heat; procurement (purchase) of electricity on the wholesale market of electricity and capacity; procurement (purchase) of thermal energy; maintenance of heating networks; design and cost estimate activities.

The Company also carries out other types of activities, including: communication services, IT services, agricultural activities; commercial activities and other.

4. Information about Corporate Governance, Executive and Control Bodies

Based on Resolution of the Board of Directors dated March 31, 2008 (Minutes No.25) Yakovlev Vitaliy Georgievich is appointed as the General Director of the Company.

Till Shareholders' Annual General Meeting dated May 21, 2008, the governing bodies of the Company included:

- Board of Directors

| First, Last and Middle Name | Job position as of the moment of election to the Board of Directors of Mosenergo |
|----------------------------------|--|
| Pyotr Pavlovich Biryukov | First deputy Mayor of Moscow in the Moscow Government, head of the Municipal Economy Complex of Moscow |
| Bogdan Vladimirovich Budzulyak | Member of the Executive Board, head of Gas Transportation, Underground Storage and Usage Department, OAO Gazprom |
| Anatoliy Anatolievich Gavrilenko | General Director of CJSC 'Leader' |
| Valeriy Alexandrovich Golubev | Deputy Chairman of Gazprom Managing Board |
| Alexey Alexandrovitch Mityushov | CEO of Gazpromenergo, Ltd. |
| Olga Petrovna Pavlova | Member of the Executive Board, Head of Property and Corporate Relations Department, OJSC Gazprom |

OJSC «Mosenergo»
Explanatory Note to
Mosenergo Annual Accounting Statements for 2009

| | |
|--------------------------------|---|
| Kirill Gennadievich Seleznev | Chairman of the Board of Directors Mosenergo, member of the Executive Board, Head of Marketing, Gas and Liquid Hydrocarbons Department, OJSC Gazprom, Director General, Mezhhregiongaz, Ltd. |
| Vladimir Nikolayevich Silkin | Deputy Moscow Mayor in the Government of Moscow, Head of the Unit for Property and Land Affairs of Moscow, Head of the Property Department of the Government of Moscow |
| Evgeniy Viktorovich Sklyarov | Head of the Fuel and Power Department of Moscow |
| Yuri Arkadievich Udaltsov | Member of the Executive Board, Head of the Reform Management Centre, RAO UES of Russia |
| Denis Vladimirovich Fyodorov | Head of the Department for the Development of the Electricity and Power Sector and Marketing in the Power Industry of the Department for marketing, Gas and Liquid Hydrocarbons Department, OJSC Gazprom. |
| Nikolay Grigorievich Shulginov | Deputy Chairman of the Executive Board, OJSC SO UES |
| Vitaliy Georgievich Yakovlev | General Director, OJSC Mosenergo |

- Audit Commission

| First, Last and Middle Name | Job position as of the moment of election to the Audit Commission of Mosenergo |
|-----------------------------------|---|
| Andrey Viktorovich Belovrov | Deputy Head of Internal Audit and Affiliates Control of Financial and Economic Activities Department, Head of Gas Supplying Organisations Control and Maintenance Department, OJSC Gazprom. |
| Rafael Vladimirovich Ishutin | Chairman of the Audit Commission of OJSC Mosenergo. Head of the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom. |
| Anatoliy Nikolayevich Klyuchnikov | Head of the Department for Control of Organisations Providing Reliable Operations of the Gas Supply System in the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom. |
| Vitaliy Anatolievich Kovalyov | Deputy Head of the Department for Control of Organisations Providing Reliable Operations of the Gas Supply System in the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom. |
| Irina Nikolaevna Milyutina | Chief Expert of the Department of Corporate Control in the Department for Property Management and Corporate Relations of OJSC Gazprom. |

Before Resolution of the Board of Directors dated 13/02/2009 (Minutes No.12) was enforced, the elected members of the Executive Board are:

| First, Last and Middle Name | Job position as of the moment of election to the Executive Board of Mosenergo |
|--------------------------------|---|
| Elena Viktorovna Andreeva | Deputy General Director for Sales, OJSC Mosenergo |
| Svetlana Vladimirovna Antonova | Deputy General Director for Legal Issues, OJSC Mosenergo |
| Dmitri Alexandrovich Barshak | Director of CTPP-21, a subsidiary of OJSC Mosenergo |
| Ivan Vasilievich Galas | Director of CTPP-20, a subsidiary of OJSC Mosenergo |
| Yuri Efimovich Dolin | Deputy General Director for Capital Construction and Procurement, OJSC Mosenergo |
| Nikolay Alexeevich Zroychikov | Director of CTPP-23, a subsidiary of OJSC Mosenergo |
| Alexander Sergeevich Ivannikov | Deputy General Director for Finances and Budgeting, OJSC Mosenergo |
| Naum Mikhailovich Sandler | Director of Mosenergoproekt, a subsidiary of OJSC Mosenergo |
| Vladimir Valentinovich Sergeev | First Deputy General Director, Chief Engineer, OJSC Mosenergo |
| Anna Sergeevna Tsaregorodtseva | Deputy General Director for HR Management, OJSC Mosenergo |
| Lev Mikhailovich Tsenin | Director of Mosenergospetsremont, a subsidiary of OJSC Mosenergo |
| Vitaliy Georgievich Yakovlev | Chairman of the Executive Board of OJSC Mosenergo, General Director, OJSC Mosenergo |

After Resolution of the Board of Directors dated 13/02/2009 (Minutes No.12) was enforced, the elected members of the Executive Board are as follows:

| First, Last and Middle Name | Job position as of the moment of election to the Executive Board of Mosenergo |
|--------------------------------|---|
| Elena Viktorovna Andreeva | Deputy General Director for Sales, OJSC Mosenergo |
| Svetlana Vladimirovna Antonova | Deputy General Director for Legal Issues, OJSC Mosenergo |

OJSC «Mosenergo»
Explanatory Note to
Mosenergo Annual Accounting Statements for 2009

| | |
|--------------------------------|---|
| Dmitri Alexandrovich Barshak | Director of CTPP-21, a subsidiary of OJSC Mosenergo |
| Ivan Vasilievich Galas | Director of CTPP-20, a subsidiary of OJSC Mosenergo |
| Artyom Igorevich Dmitriev | Deputy General Director for Procurement and Production Furnishing, OJSC Mosenergo |
| Nikolay Alexeevich Zroychikov | Director of CTPP-23, a subsidiary of OJSC Mosenergo |
| Alexander Sergeevich Ivannikov | Deputy General Director for Finances and Budgeting, OJSC Mosenergo |
| Vladimir Valentinovich Sergeev | First Deputy General Director, Chief Engineer, OJSC Mosenergo |
| Vasilii Yurievich Tul'skiy | Investment Director of OJSC Mosenergo |
| Anna Sergeevna Tsaregorodtseva | Deputy General Director for HR Management, OJSC Mosenergo |
| Vitaliy Georgievich Yakovlev | Chairman of the Executive Board of OJSC Mosenergo, General Director, OJSC Mosenergo |

After Shareholders' Annual General Meeting dated June 30, 2009, the governing bodies of the Company include:

- Board of Directors

| First, Last and Middle Name | Job position as of the moment of election to the Board of Directors of Mosenergo |
|----------------------------------|---|
| Pyotr Pavlovich Biryukov | First deputy Mayor of Moscow in the Moscow Government, head of the Municipal Economy Complex of Moscow |
| Anatoliy Anatolievich Gavrilenko | General Director of CJSC 'Leader' |
| Valeriy Alexandrovich Golubev | Deputy Chairman of Gazprom Managing Board |
| Alexander Pavlovich Dushko | Deputy Head of the Department for Finance and Economy, OJSC Gazprom, Financial Director, Gazprom Energoholding, Ltd. |
| Igor Vyacheslavovich Ignatov | Deputy Head of the Property Department of the Government of Moscow |
| Alexey Alexandrovich Mityushov | General Director, Gazpromenergo, Ltd., General Director, OJSC WGC-6 |
| Olga Petrovna Pavlova | Member of the Executive Board, Head of Property and Corporate Relations Department, OJSC Gazprom |
| Kirill Gennadievich Seleznev | Chairman of the Board of Directors Mosenergo, member of the Executive Board, Head of Marketing, Gas and Liquid Hydrocarbons Department, OJSC Gazprom, Director General, Mezhhregiongaz, Ltd. |
| Vladimir Nikolayevich Silkin | Deputy Moscow Mayor in the Government of Moscow, Head of the Unit for Property and Land Affairs of Moscow, Head of the Property Department of the Government of Moscow |
| Evgeniy Viktorovich Sklyarov | Head of the Fuel and Power Department of Moscow |
| Denis Vladimirovich Fyodorov | Head of the Department for the Development of the Electricity and Power Sector and Marketing in the Power Industry of the Department for marketing, Gas and Liquid Hydrocarbons Department, OJSC Gazprom, General Director, Gazprom Energoholding, Ltd. |
| Nikolay Grigorievich Shulginov | First Deputy Chairman of the Executive Board, OJSC SO UES |
| Vitaliy Georgievich Yakovlev | General Director, OJSC Mosenergo |

- Audit Commission

| First, Last and Middle Name | Job position as of the moment of election to the Audit Commission of Mosenergo |
|-------------------------------|--|
| Andrey Viktorovich Belobrov | Head of the Department for Control of Organisations Providing Reliable Operations of the Gas Supply System in the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom. |
| Elena Vladimirovna Goldobina | Chief Economist, Deputy Head of the Department, OJSC Gazprom |
| Rafael Vladimirovich Ishutin | Head of the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom. |
| Vitaliy Anatolievich Kovalyov | Head of the Department for Control of Organisations Providing Reliable Operations of the Gas Supply System in the Department of Internal Audit and Control of Finance and Business Operations of Subsidiaries and Affiliates, as well as Organisations of the Management Administration of OJSC Gazprom. |
| Evgeniya Sergeevna Naumenko | Deputy Head of the Department of Corporate Control in the Department for Property Management and Corporate Relations of OJSC Gazprom. |

II. Major Aspects of the Accounting Policy

The Company's accounting report has been prepared on the basis of the following accounting policies.

1. Basis for Preparation

Financial statements are prepared under the current accounting and reporting rules of the Russian Federation, in particular, Federal Law No. 129-FZ 'On Accounting', dated November 21, 1996; Provisions for Accounting and Reporting in the Russian Federation, approved by Ordinance No. 34n, issued by the Russian Ministry of Finance on July 29, 1998, as well as other regulatory acts that regulate the system of corporate accounting and reporting in the Russian Federation.

The Company's accounting policy was approved by the Company's Ordinance, dated December 22, 2008, No. 557. All major aspects of this policy correspond to the Provision on Accounting Policy of OJSC Gazprom and its affiliates and organisations, which was approved by Ordinance Number 347 of OJSC Gazprom, dated December 29, 2008.

Valuation of the property, liabilities and business transactions is denominated in roubles, the currency of the Russian Federation.

The Company's assets and liabilities are valued in financial statements at the actual cost of their purchase. Except for:

- fixed assets;
- financial investments which could determine current market value;
- assets with reserves for cost depreciation created according to the established procedures.

The Company does not prepare consolidated accounting reports and therefore, does not enforce the Accounting Provisions titled 'Segment Information' (PSI 12/00). When preparing the reports, the Company also does not disclose the information on reportable segments.

2. Foreign Currency Denominated Assets and Liabilities

Business transactions denominated in a foreign currency (including those subject to payment in roubles) were carried out at the official rouble exchange rate established by the Central Bank of the Russian Federation effective as of the transaction date. Cash amounts in foreign currency and deposit accounts with banks, financial investments into short-term securities and the float including issued and received foreign currency denominated loans were recognised in financial statements as calculated on the basis of official exchange rates as of December 31, 2009. As of this date, the exchange rates were: 30.2442 RUR for 1 USD (29.3804 RUR as of December 31, 2008); 43.3883 RUR for 1 Euro (41.4411 RUR as of December 31, 2008).

Currency rate fluctuations arising in revaluations of transactions with foreign currency denominated assets and liabilities subject to payment in foreign currencies and roubles over the year (as well as of the reporting date), are applied to the financial result as other revenues and expenses, and accounted in financial statements separately.

3. Current and Non-Current Assets and Liabilities

Investments, accounts payable and receivable, including credit and loan liabilities are recognised in the Balance Sheet as current if their maturity (repayment period) does not exceed 12 months after the reporting date. Other assets and liabilities are shown as non-current.

If the requirements and liabilities are shown as non-current as of the beginning of the reporting period and there is a firm assurance that accounts payable and receivable will be redeemed, then such long-term receivables will be classified as short-term receivables.

4. Intangible Assets

In the Balance Sheet, intangible assets are shown at their initial cost minus depreciation accumulated over the period of their useful life. Depreciation of intangible assets with a fixed term of useful life is calculated according to a straight-line method depending on the term of useful life.

Amortisation of intangible assets with an indefinite term of useful life and assets purchased after January 01, 2008 is not accrued. Similar assets purchased before January 01, 2008 shall have useful life of 20 years.

5. Fixed Assets

Fixed assets include assets that comply with requirements of the Provision of Accounting titled 'Accounting of Fixed Assets' (RAS

6/01) approved by the Ordinance of the Ministry of Finance, dated March 30, 2001 No.26n. Fixed assets shall be used in accounting according to the established procedure and from the moment of commissioning of real estate assets, which shall be accounted for as part of the fixed assets group only after the transfer of documents for the state registration of title.

Revaluation

Revaluation of fixed assets is carried according to the procedure established in the legislation, as well as according to the corresponding instructions of the Director, in order to bring the value of fixed assets in balance with the current market value. The results of the revaluation of fixed assets as of the first day of the reporting period are to be reported separately in the Balance Sheet. The results of the revaluation are not included in the accounting statements of the previous reporting year and shall be reported at the time of the preparation of the Balance Sheet as of the beginning of the reporting year.

Fixed assets purchased before 2009 are reported in the Balance Sheet at the replacement asset value determined as of the date of revaluation on January 1, 2009 net of depreciation value. Fixed assets purchased after January 01, 2009 are recorded at their initial cost net of depreciation value accrued through their useful life.

Amortisation

For fixed assets acquired before January 01, 2002 depreciation was accrued on the basis of standards approved by USSR Government Resolution No. 1 072 dated October 22, 1990, 'On Unified Norms of Amortisation Deductions for the Complete Restoration of Fixed Assets of USSR Economy'; and for fixed assets acquired after January 1, 2002 depreciation was accrued in accordance with norms calculated on the basis of the useful life terms set by the Company. The classification of fixed assets included into depreciation groups approved by the Resolution No. 1 dated January 1, 2002 of the Russian Government, is used as one of the sources of the information about the useful life of objects. The useful life periods adopted by the Company for consolidated groups of fixed assets are represented as follows:

| | Useful lives of objects on the Balance Sheet, (number of years) | |
|---|--|-----------------------|
| | before January 01, 2002 | from January 01, 2002 |
| Buildings | 55 or more years | 20 or more years |
| Facilities | 8 to 50 years | 5 to 30 years |
| Machines and equipment | 10 to 30 years | 2 to 30 years |
| Transport vehicles and other fixed assets | 5 to 50 years | 3 to 30 years |
| Community facilities | 5 to 50 years | 5 to 50 years |

Amortisation of fixed assets is accrued according to a straight-line method.

No amortisation is accrued on the following:

- land slots and environmental management sites;
- land improvements and other similar objects purchased before January 01, 2006;
- housing facilities purchased before January 1, 2006 (except objects used for rendering of the corresponding services generating income which is recorded as the result of regular operations or as part of other profits);
- public community facilities;
- fully amortised facilities which were not written off the Balance Sheet.

Lease

Fixed assets accepted for use under lease agreements are reported as the off-balance items (in accordance with the agreement). The items of fixed assets acquired under long-term lease agreements are recorded as the off-balance items at the cost of lease payments.

Leased items of fixed assets with the exclusion of land lots are recorded as the off-balance items at the cost established in the lease net of VAT. Leased land lots and the lots obtained under indefinite use agreements are recorded according to their value in the land registry. If the cost of the leased property is not entered into the lease agreement (including leases of operating facilities), then this property is recorded as the off-balance sheet items at the value solely determined by the Company.

Fixed assets on lease which are transferred for preservation, as well as the assets under going the state registration process are recorded in the Appendix to the Balance Sheet at their net depreciated value.

Other

Assets which do not comply with the requirements established for fixed assets and of the value not exceeding 20,000 roubles (inclusive) per asset are recorded as material and production inventories. The Company exercises control of the flow of such assets

in order to ensure their safety during production and operation.

The Company's Balance Sheet includes community facilities in the fixed assets group. These objects were acquired by the Company as a result of the privatisation of the Russian power industry without the ownership right transfer. These objects were reported in accordance with the then effective procedure, namely creating a reserve of community facilities in the amount of the depreciated book value of these objects. With the transfer of these objects to municipal authorities (and other types of retirement) their depreciated book value is recorded as the diminution of the social fund. Reporting of community facilities as fixed assets of the Company is a deviation from the existing rules although, according to the Company's management, this procedure ensures reliable information about of the Company's property as these objects are used in accordance with their designation and the Company is responsible for their integrity and safety.

6. Unfinished Construction

Unfinished construction includes real estate objects finished in construction and accepted in operation, by which documents on registration of property rights in Uniform State Register are not transferred.

Objects not requiring assembly but kept in the warehouse are recorded as the unfinished construction items.

7. Financial Investments

Financial investments are reported at their actual acquisition costs.

Investments in securities listed on the stock exchange with the market value determined under the established procedure by the trade organiser are subject for revaluation at their current market value at the end of the reporting year. The difference between the value of these securities at the current reporting date and their previous valuation will be recorded as other revenues and expenses.

Financial investments with indeterminable current market value are recognised in accounting books as of the end of the reporting period by their book value minus the reserve for the deviation between the book and estimated value that is to be set up for financial investments which show continuous and substantial depreciation. A review of financial investments for impairment is performed once a year on December 31 of any reporting year following the stocktaking. When determining the reserve amount, the Company on the basis of available information determines the cost of financial investments with continuous depreciation and builds up a reserve for the impairment of financial investments for the for amount of the deviation between the book and estimated value. The total amount of the reserve is reported as the 'other expenses' item.

Securities (with the exception of individually identified, including bills of exchange and depository certificates), with indeterminable market value are reported in the Balance Sheet upon their retirement according to the FIFO method.

Other financial investments, including individually identified securities with indeterminable market value (bills of exchange), are reported upon their retirement at the initial cost of each item. Profits and expenses from financial investments are recognised as other profits and expenses.

In accordance with RAS 3/2006 'Accounting of Assets and Liabilities Denominated in Foreign Currency' long-term securities (except for shares)denominated in a foreign currency are revalued as of the date of the foreign currency transaction, as well as of the reporting date..

8. Inventories

Reported inventories are assessed at their actual acquisition costs. Inventories of materials with the market value lower than their actual acquisition cost as of the end of the year (due to continuous (long-term) decrease in price), as well as inventories materials used in production of goods of the lower than actual production cost current market value as of the reporting date, are recorded in the accounting statements at their market value.

Valuation of inventories upon their retirement is carried out by the average cost method.

Goods purchased by Mosenergo's subsidiaries are reported under the 'Goods' item in the accounting statements in the following order:

- in retail trade and catering branches – at retail (sale) prices;
- in wholesale trade and other affiliates – at purchase price (acquisition price).

Inventories also include items complying with the requirements for the inclusion of fixed assets with the acquisition cost not more than RUR 20,000 (inclusive) per item, as well as items (accessories and tools) that are not utilised immediately after their transfer to the production, but within a period not exceeding 12 months and then are written off as a lump sum.

Inventories also include special tools, special appliances, special devices (special equipment), as well as a special work uniform irrespective of their useful life.

The write-off of the value of special tools, special appliances and special equipment is carried out under a straight line method depending on the useful life of these items.

The write-off of special work uniform with the useful life, in accordance with the norms of issue, exceeding 12 month is recorded as expenses using a straight-line method depending on the useful life of special work uniform, special footwear and other means of individual protection.

9. Production Costs, Work in Progress and Output

Work in progress is valued at the actual production cost.

The output is recorded in the Balance Sheet at the actual production cost, which includes expenses incurred in the production process due to the use of fixed assets, raw materials, fuel, power, labour and other production costs.

Business expenses include sales costs. Transport expenses included in the sales costs are written off in proportion to the cost (quantity) of goods minus the unsold goods.

10. Deferred Expenditure

Deferred expenses incurred by the Company are to be written off evenly over the period to which they are attributable. The duration of this period is determined as the moment the deferred expenses are reported in the balance.

Software to be written-off as expenses in more than 12 months after the reporting date is recorded as an item of the non-current assets.

11. Trade Receivables

Trade receivables is determined on the basis of prices set in the agreements between the Company and buyers (customers) and taking into account any available discounts (mark-ups) and the VAT.

Trade receivables not paid when due under agreements and not secured through relevant guarantees, pledges, and encumbrances or otherwise, are recorded net of accrued reserves for bad debts. The Company's management considers these reserves as a conservative estimate of liabilities which are unlikely to be paid. The bad debt reserves are reported as other expenses.

Bad debts are written off the Balance Sheet once they are recognised as such; they are consequently recorded on the off-balance account within a 5-year period.

12. Cash Assets

According to RAS 3/2006 titled 'Accounting of Assets and Liabilities Denominated in Foreign Currency', the information about the flow of foreign currency is calculated at the exchange rate of the Central Bank of the Russian Federation as of the date of accounting statements when drafting a Cash Flow Statement.

13. Charter, Additional and Reserve Capital

Charter capital is shown as the amount of ordinary shares purchased by their holders at par value. The amount of the charter capital corresponds to the figure specified in the Company's charter.

According to the legislative provisions and the Article of Association of the Company, Mosenergo builds up a Reserve capital amounting to 5% of the charter capital. The amount of annual allocations to the Reserve fund is established according to the resolution of the Shareholders' General Meeting; this amount shall not be less than 5% of the Company's net profit.

The additional capital is made up of the additional value of fixed assets as determined by a revaluation, as well as a premium from sales of the Company's shares at a price above their par value, received donations and the expended accumulation fund accrued as a result of commissioning of fixed assets financed from the profit generated by the Company.

14. Received Loans and Credit Facilities

Extra expenses incurred by the Company through attracting credit facilities and loans on the investment assets are included in the costs of the latter.

Extra expenses incurred by the Company through attracting credit facilities and loans on the current assets are recorded as other costs while being used.

Additional expenses incurred by the Company to attract credit facilities and loans on current assets that were partially used for investment purposes, are included in the cost of such loans according to the corresponding ratio.

Interest paid by the Company on the borrowed funds used for the financing of capital construction (including reconstruction and modernisation) are included in the construction in progress section on the accrual basis.

Liabilities recorded in the financial statements as long-term and a with repayment date in the reporting period are reported in the short-term section.

15. Reserves for Deferred Expenses Business and Contingencies

The Company sets up reserves for deferred expenses on business contingencies. The amount of the established business contingency reserve is reported under other expenses.

16. Deferred Taxes

The Company records differed taxes and liabilities, as well as standing tax assets and liabilities in the financial statements and accounting reports, i.e. amounts that could influence the amount of the current tax in the current and/or the following reporting period.

The amount of deferred tax assets and liabilities is recorded in the Balance Sheet in full detail as non-current assets (Line 145, 'Deferred Tax Assets') and in the long-term liabilities section (Line 515, 'Deferred Tax Liabilities'), respectively.

The amount of tax overpayments to the profit tax budget is recorded in accordance with the requirements of RAS18/02; it is recognised as deferred tax assets recorded in the Balance Sheet in Line 240, 'Accounts Receivable', as they present accounts receivable and not deferred tax assets in the economic sense .

17. Recognition of Income

The revenue from sales of products and services is acknowledged, for the purposes of accounting, as the products are being dispatched (or services being rendered) and after the settlement documents are forwarded to the buyers. This revenue is reported in the Profit and Loss Statement, net of the value-added tax, export duties, and other similar mandatory charges.

The Company recognises other revenue as follows:

- income from equitable capital in other organisations (including dividends);
- income from sales of fixed assets and other assets (excluding cash and foreign currency), as well as products and goods;
- interest on the Company's cash assets received from a bank managing the Company's account;
- interest received on the bills of exchange of third parties, in accordance with the interest covenant in the bill of exchange upon its presentation for the payment.

18. Change of Accounting Policies

Changes in the Company's accounting policy in 2009

In 2009 the Company enforced the following regulatory acts regarding accounting practices:

- RAS 1/2008 , 'Organisational Accounting Policy';
- RAS 2/2008, 'Accounting of Construction Contracts',
- RAS 15/2008, 'Accounting of Credit Facilities and Loans',
- RAS 21/2008, 'Changes of Accounting Estimates'.

As of the date of the accounting statements, the Company cannot estimate the quantitative effect of transfer to the new Provisions on Accounting. The Company believes that the effect of the new RAS will result in insignificant changes related to comparative values of 2008 in the accounting statements for 2009.

Changes in the Company's accounting policy for 2010

As a result of the abolition of Chapter 24, 'Single Social Tax', of the Taxation Code, the Company amended accounting plans with corresponding sub accounts. These sub accounts were created to report insurance premiums to the Social Insurance Fund of the RF and the Pension Fund, as well as to the Federal and Regional Funds of Compulsory Medical Insurance.

19. Introductory and Comparative Data

Several indicators of column 3, 'As of the start of the reporting period', of the Balance Sheet are calculated through adjustment of the Balance Sheet as of December 31, 2008. This adjustment was required due to the following factors:

– the Company revalued its fixed assets following a valuation by an independent valuator; The results of this revaluation are reported in the Company's accounting statements as of January 1, 2009 (Balance Sheet, lines 120, 420 and 470);

– a change of the income tax rate from 24% to 20% (according to Russian legislation) resulted in a recalculation of the deferred tax assets (deferred tax liabilities); the recalculation followed a deviation which appeared after the restatement of the account as retained earnings (unsecured loss) of the previous years. The results of this revaluation are reported in the Company's accounting statements as of January 1, 2009 (Balance Sheet, lines 145, 515 and 470).

The adjustment of the Balance Sheet data is represented as follows (thous. of roubles):

| | Line Code | Amount before adjustment as of December 31 2008 | Adjusted amount | Amount adjusted as of January 1 of 2009 |
|------------------------------------|------------|---|-------------------|---|
| Fixed assets | 120 | 93,031,794 | 41,947,121 | 134,978,915 |
| Deferred Tax Assets | 145 | 8,278 | (1,380) | 6,898 |
| TOTAL for Section I | 190 | 113,605,788 | 41,945,741 | 155,551,529 |
| Total for the asset | 300 | 160,702,858 | 41,945,741 | 202,648,599 |
| Added Capital | 420 | 81,053,167 | 45,643,367 | 126,696,534 |
| Retained Earnings (unsecured loss) | 470 | 2,603,272 | (5,235,715) | (2,632,443) |
| TOTAL for Section III | 490 | 123,232,590 | 40,407,652 | 163,640,242 |
| Deferred Tax Liabilities | 515 | 1,324,023 | 1,538,089 | 2,862,112 |
| TOTAL for Section IV | 590 | 16,162,933 | 1,538,089 | 17,701,022 |
| Total for the liability | 700 | 160,702,858 | 41,945,741 | 202,648,599 |

The indicators as of January 1, 2009 are listed in the Annex to the Balance Sheet and in the Explanatory Note with the adjustments explained in Section II of paragraph 19, 'Introductory and Comparative Data'.

The comparative data of the Income Statement (lines 020, column 4, 'The cost of sold goods, products, works and services', regarding accrued amortisation) for 2008 is calculated on the basis of a partial revaluation of fixed assets from 2002 to 2008.

III. Disclosure of Significant Reporting Indicators

1. Fixed Assets

Revaluation

As of January 1, 2008 the Company used services of an independent valuator to reevaluate three classes of fixed assets, namely:

- Substations, automated transformers, transformers, switchers, over-voltage limiters, disconnect switches, arresters, reactors, synchronous compensators, high-frequency rejecters, the equipment of outdoor switchgear, RUSN (Balance-on Plant Switchgear), OUT and others;
- Pumps, compressors, ventilation equipment, electric motors, equipment of make up demineralisers and fuel supply and diesel generators;
- Constructing machines, lifting mechanisms, and specialised transport.

As of January 1, 2009 the Company used services of an independent valuator to reevaluate and report all classes of fixed assets.

Lease

In 2009 the value of fixed assets which the Company had on long-term lease amounted to 387,969 thousand roubles (81,431 thousand roubles in 2008). In 2008 and 2009 the Company had no transactions regarding the buying out of property due to the expiration of lease agreements.

The Company has outstanding (until the contract expiry) obligations to pay lease under the lease agreement; the amount of lease payments totals 901,542 thousand roubles, including:

- 405,989 thousand roubles paid in 2009;
- 350,556 thousand roubles to be paid in 2010.

As of 31.12.2009, land slots with the total area of 990.6 Ha are recorded in Line 910 'Fixed Assets on Lease' of the statement about

values on the off-balance accounts. This line also includes the price of the leased slots, which amounts to 42,308,340 thousand roubles. As of 31.12.2008, the Company holds on lease land slots with the total area of 1,169.9 Ha that are not recorded in value terms on the off-balance accounts.

Fixed assets leased by the Company are listed in the Annex to the Balance Sheet as depreciated costs.

Pledges

The Company pledged fixed assets to ensure performance under loan agreements at the following values (thous. roubles):

| | As of January 1, 2009 | As of December 31, 2009 |
|-----------------------------------|-----------------------|-------------------------|
| Pledged value | 5,424,882 | - |
| Book value for the reporting date | 6,899,057 | - |

In Annex to the Balance Sheet pledged fixed assets are recorded at their depreciable value.

Registration of Ownership Rights

Book value of fixed assets subject to obligatory state registration (thous., roubles):

| | As of January 1, 2009 | As of December 31, 2009 |
|---|-----------------------|-------------------------|
| Fixed assets with registered ownership | 66,323,216 | 68,929,369 |
| Fixed assets without registered ownership | 11,211,831 | 11,055,922 |
| Total | 77,535,047 | 79,985,291 |

As of December 31, 2009 fixed assets without registered ownership include commissioned facilities, as well as facilities undergoing the registration for the total amount of 7,234,354 thousand roubles (7,200,347 thousand roubles as of January 1, 2009). Other unregistered fixed assets were acquired by the Company free of charge from 1992 to 1997 (and earlier). These assets include 154.9 km of heating networks valued at 3,321,155 thousand roubles (2,434,809 thousand roubles as of January 1, 2009). The Company is following an established procedure to register ownership rights for such properties, which were received through an assignment during the reorganisation.

Community Facilities

As of December 31, 2009, the total value of community facilities amount to 140,111 thousand roubles (368,992 thousand roubles as of January 1, 2009). In 2009 the Company transferred several communal facilities to the municipal authorities. The book value of the facilities transferred in 2009 amounted to 226,833 thousand roubles. The Company is planning to continue these operations in 2010. We expect a significant transfer of public community facilities in 2010.

2. Unfinished Construction

Line 130 of the Balance Sheet, 'Unfinished Construction', includes (thous., roubles):

| | As of December 31 2008 | As of December 31 of 2009 |
|---|------------------------|---------------------------|
| Unfinished Construction | 18,735,154 | 14,630,742 |
| including built and operational real estate for which the property registration documents were not transferred to the Uniform State Register. | 150,819 | 150,819 |
| Equipment in installation | 1,491,278 | 1,846,806 |
| Total | 20,226,432 | 16,477,548 |

3. Long-Term Financial Investments

Details on financial investments under Line 140 of the Balance Sheet, 'Long-Term Financial Investments' are as follows (thous., roubles):

| Key Operations | As of December 31, 2008 | | | As of December 31, 2009 | | | | |
|---|---|---------------|--------------|-------------------------------------|--------------------------------|----------------|--------------|----------|
| | Book value, including reserves | Reserves | Proceeds | Retired / allocated for the reserve | Book value, including reserves | Reserves | Share, % | |
| Financial investments which do not require a current market value evaluation | | | | | | | | |
| Investments in subsidiaries | 52,249 | (5) | 100 | 997 | 51,352 | (1,002) | - | |
| OJSC 'TEK Mosenergo' | Contracted construction | 50,000 | - | - | - | 50,000 | - | 100 |
| CJSC Energoinvest-ME | Broker services | 2,249 | - | - | 997 | 1,252 | (997) | 90 |
| CJSC Energokonsalt | Consulting and project services | - | (5) | - | - | - | (5) | 100 |
| CRMP, Ltd. | Repairs of power equipment | - | - | 100 | - | 100 | - | 100 |
| Investments in affiliates | | 2,233 | - | - | - | 2,233 | - | - |
| OJSC Shatura Association for Peat Mining | Peat mining | 1,713 | - | - | - | 1,713 | - | 33.99 |
| SEBA ENERGO, Ltd. | Development, manufacturing of instruments | 520 | - | - | - | 520 | - | 44 |
| Other investments | | 28,470 | (441) | 470 | 23,905 | 5,035 | (441) | - |
| CJSC IK ENERGOGARANT-INVEST, Ltd. | Investment activities, Broker services | 3,000 | - | - | - | 3,000 | - | 12 |
| OJSC SAK ENERGOGARANT | Insurance | 1,565 | - | 470 | - | 2,035 | - | 0.18 |
| CJSC MOSKON | Waste recycling | - | (200) | - | - | - | (200) | 20 |
| CJSC Telecomenergo | Telecommunications | - | (150) | - | - | - | (150) | 15 |
| CJSC Khoroshevskaya Power Company | Construction of combined cycle CTPP | - | (91) | - | - | - | (91) | 16.1 |
| CB TIB | Banking | 23,905 | - | - | 23,905 | - | - | - |
| Bills of exchange | | 9,378 | - | - | - | 9,378 | - | - |
| Ulyanovskenergo bills of exchange | | 9,378 | - | - | - | 9,378 | - | - |

| Financial investments which require a current market value evaluation | | | | | | | | |
|--|------------------------|----------------|--------------|---------------|---------------|----------------|----------------|----------|
| Other investments | | | | | | | | |
| OJSC RusHydro | electricity generation | 27,181 | - | 24,152 | - | 51,333 | - | 0.02 |
| Total | | 119,511 | (446) | 24,722 | 24,902 | 119,331 | (1,443) | - |

On December 25, 2008, the Company's BoD made a decision (Minutes No.10) about the termination of its participation as a founder in OJSC CB Transinvestbank. During 2009, the bank paid to the Company the actual value of its share determined under the law.

As of December 31, 2008 and December 31, 2009, long-term investments were not encumbered.

Depreciation Reserve

Long-term investments characterise by a steady value depreciation are reported in the Company's Balance Sheet after the deduction of the accrued depreciation reserve.

The flow of the reserve by the long-term investment class (thous., roubles):

| | As of December 31, 2008 | Allocated | Used | As of December 31, 2009 |
|-----------------------------|-------------------------|------------|------|-------------------------|
| Investments in subsidiaries | 5 | 997 | - | 1,002 |
| Other investments | 441 | - | - | 441 |
| Total | 446 | 997 | | 1,443 |

4. Inventories

The inventories are represented in the Balance Sheet as follows (thous. of roubles):

| | As of December 31, 2008 | As of December 31, 2009 |
|-----------------------|-------------------------|-------------------------|
| Fuel | 2,854,113 | 2,767,923 |
| Spare parts | 303,500 | 762,646 |
| Construction supplies | 230,963 | 388,492 |
| Other materials | 934,755 | 577,552 |
| Total | 4,323,331 | 4,496,613 |

As for December 31, 2009 and December 31, 2008, the Company did not set up a reserve for the reduction in the cost of materials since the major volume of inventories stored on these dates was emergency supplies.

As of December 31, 2008 and December 31, 2009, the Company has no pledged inventories.

5. Deferred Expenditure

The Balance Sheet contains the following deferred expenses (thous., roubles):

| | As of December 31, 2008 | | As of December 31, 2009 | |
|--|-------------------------|----------------|-------------------------|----------------|
| | Long-term | Short-term | Long-term | Short-term |
| Purchase of software | 219,658 | 52,789 | 413,449 | 109,894 |
| Life, property and liability insurance | - | 39,542 | - | 6,640 |
| Staff training | - | 25,636 | - | 23,373 |
| Deferred vacation payments | - | 8,521 | - | 7,626 |
| Acquisition of various licenses | - | 194 | - | 112 |
| Other | - | 9,427 | - | 65,353 |
| Total | 219,658 | 136,109 | 413,449 | 212,998 |

The deferred expenses which have to be written-off within 12 months after the reporting date are recorded in Line 150 'Other Non-Current Assets' in the Balance Sheet.

6. Value-Added tax on Purchased Valuables

Line 220 of the Balance Sheet, 'Value Added Tax on Acquired Tangible Assets', includes the amount of the value added tax of RUR 1,195,816 thousand as of 31/12/2009 (938,790 thousand roubles as of December 31, 2008).

Tax on own construction attributable to goods (works, services) acquired by the Company for the construction and assembling operations, as well as the amount of tax in respect of the acquisition of fixed assets and capital construction in progress totals 1,093,490 thousand roubles as of December 31, 2009 (881,419 thousand roubles as of December 31, 2008). This amount includes 195,305 thousand roubles as of December 31, 2009 (202,490 thousand roubles as of December 31, 2008) on the construction of facilities that started before January 1, 2006 and that are not yet commissioned.

7. Accounts Receivable

Long-Term Receivables

Breakdown of Accounts Receivable by Line 230, 'Accounts receivable (due in more than 12 months after the reporting date)', is represented in the following way:

| | As of December 31, 2008 | As of December 31, 2009 |
|--------------------------------------|-------------------------|-------------------------|
| Advances paid | 4,020,277 | 4,279,325 |
| Advances for capital construction | 4,020,277 | 4,279,325 |
| Other debtors | 87,940 | 31,775 |
| Housing loans to the Company's staff | 50,618 | 596 |
| Other | 37,322 | 31,179 |
| Total | 4,108,217 | 4,311,100 |

Other long-term receivables are reported net of the reserves for bad debts, given below.

The accrual of the reserve for bad debts is a deviation from the established rules of accounting and reporting, set by paragraph 70 of the Provisions on Accounting in the Russian Federation, approved by the Ordinance of the Ministry of Finance of the RF, dated July 29, 1998, No.34n in accordance with which the Company is entitled to build up reserves for bad debts for the settlements with other entities and physical bodies for products, goods and services. The Company's management believes that this deviation from the rules allows a fair representation of the property status and financial results of the Company operations.

Short-Term Receivables

Breakdown of Accounts Receivable by Line 240, 'Accounts receivable (due in more than 12 months after the reporting date)', is represented in the following way (thous., roubles):

| | As of December 31, 2008 | As of December 31, 2009 |
|--|-------------------------|-------------------------|
| Buyers and customers | 7,261,375 | 14,368,127 |
| Advances paid | 12,337,057 | 15,182,609 |
| Advances for capital construction | 7,806,506 | 10,768,934 |
| Advances to suppliers and contractors | 4,530,551 | 4,413,675 |
| Other debtors | 1,253,558 | 2,423,734 |
| Overpayment of tax | 239,694 | 276,406 |
| Interest on the loan extended to CJSC Gazenergoprom-Invest | 694,954 | 1,723,980 |
| Other | 318,910 | 423,348 |
| Total | 20,851,990 | 31,974,470 |

Trade receivables and other debtors is reported net of the bad debt reserve given below.

The accrual of the reserve for other bad debts is a deviation from the established rules of accounting and reporting, set by paragraph 70 of the Provisions on Accounting in the Russian Federation, approved by the Ordinance of the Ministry of Finance of the RF, dated July 29, 1998, No.34n in accordance with which the Company is entitled to build up reserves for bad debts for the settlements with other entities and physical bodies for products, goods and services. The Company's management believes that this deviation from the rules allows a fair representation of the property status and financial results of the Company operations.

Bad debt reserves

The flow of the bad debt reserve by debt class (thous., roubles):

| | As of December 31, 2008 | Allocated | Used | Restored | As of December 31, 2008 |
|--|-------------------------|------------------|----------------|--------------------|-------------------------|
| Reserves accrued for long-term receivables | | | | | |
| Other Receivables | - | 31,179 | - | - | 31,179 |
| Reserves accrued for short-term receivables | | | | | |
| Buyers and customers | 1,531,154 | 1,380,185 | (4,850) | (1,594,742) | 1,311,747 |
| Other Receivables | 190,062 | 242,569 | (413) | (191,928) | 240,290 |
| Total | 1,721,216 | 1,653,933 | (5,263) | (1,786,670) | 1,583,216 |

8. Current Financial Investments

Details on financial investments under Line 250 of the Balance Sheet, 'Short-Term Financial Investments' are as follows (thous., roubles):

| | As of December 31, 2008 | Appeared | Paid | As of December 31, 2009 |
|---|----------------------------|------------------|------------------|----------------------------|
| Financial investments which do not require a current market value evaluation | | | | |
| Extended loans | 13,375,000 | - | 606,125 | 12,768,875 |
| Bills of exchange | 68,600 | - | 68,600 | - |
| Deposits | - | 5,001,000 | 5,001,000 | - |
| Acquired claims | | | | |
| Acquired claims | 40,712 | - | - | 40,712 |
| Total | 13,484,312 | 5,001,000 | 5,675,725 | 12,809,587 |

The reserve for depreciation of short-term investments was not created due to the lack of evidence of their continuous depreciation.

As of December 31, 2008 and December 31, 2009, long-term investments were not encumbered.

9. Sundry current assets

As of the end of the reporting period, Line 270, 'Other current assets', records the VAT amount for the advances received for the forthcoming supply of goods (work, services) and not settled as 291,929 thousand roubles as of 31.12.2008 (RUR 214,286 thousand as of December 31, 2008).

10. Capital and Reserves

Registered Capital

As of December 31, 2009, the number of common shares was 39,749,359,700 (39,749,359,700 shares as of December 31, 2007) at the nominal value 1 rouble each. All issued ordinary shares have been completely paid except for the Company's shares bought back from shareholders.

As of December 31, 2009, the Company allocated its common stock as follows:

| | Number of shares | Par value thous., roubles |
|---|-----------------------|---------------------------|
| Legal entities | | |
| Gazprom Power Holding, Ltd. | 21,265,104,840 | 21,265,105 |
| Property Department of the Government of Moscow | 10,512,012,316 | 10,512,012 |
| Legal entities and nominee shareholders | 6,297,164,486 | 6,297,165 |
| Individuals | 1,534,848,607 | 1,534,849 |
| On Mosenergo's bankbook | 140,229,451 | 140,229 |
| Total | 39,749,359,700 | 39,749,360 |

Equity bought back from shareholders

The Company's own shares bought back from the shareholders represent the value of the shares owned by the Company. As of December 31, 2009 the Company owned 140,229,451 shares for the amount of 870,825 thousand roubles (163,904,251 shares amounting to 898,804 thousand roubles as of December 31, 2008). The changes is due to the sales of 23,674,800 shares for 34,450 thousand roubles; the acquisition cost amounted to 27,979 thousand roubles.

Dividends

In may 2008, following the results of the General Meeting of the BoD of OJSC Mosenergo, the Company decided not to pay dividends on common stock for 2007.

In June 2009, following the results of the General Meeting of the BoD of OJSC Mosenergo, the Company decided not to pay dividends on common stock for 2008.

Added Capital

As of December 31, 2009, additional capital amounted to 126,283,308 thousand roubles (126,696,534 thousand roubles as of January 1, 2009); the capital is represented as follows:

| | As of January 1, 2009 | As of December 31, 2009 |
|---------------------------------------|-----------------------|-------------------------|
| Increase in the value of fixed assets | 72,530,108 | 72,116,882 |
| Share premium | 49,220,000 | 49,220,000 |
| Other | 4,946,426 | 4,946,426 |
| Total | 126,696,534 | 126,283,308 |

The decrease in additional capital by 413,226 thousand roubles in 2009 happened due to the disposal of fixed assets and the transfer of the increased amount to the Company's retained earnings.

Reserve Capital

The Company's Charter envisages creation of the Reserve fund in the amount of 5% from the charter capital of the Company. According to the decision of the General Meeting of Shareholders of OJSC Mosenergo, dated June 1, 2009, net profit of the Company in 2008 amounting to 68,586 thousand roubles was allocated to the reserve fund (36,974 thousand roubles in 2007). As of December 31, 2009 the amount of the reserve fund reached 794,181 thousand roubles or 2.00% (725,595 thousand roubles or 1.83% as of December 31, 2008) of the charter stock.

11. Fixed Liabilities

As of December 31, 2008, Line 520 of the Balance Sheet, 'Other long-term liabilities' amounts to 95,000 thousand roubles and represents liabilities secured by the Company's own bills of exchange with the maturity date 12 months after the reporting date. As of December 31, 2009, all liabilities secured by bills of exchange was reclassified as short-term liabilities and reported in Line 625, 'Other debtors' of the Balance Sheet.

12. Loans and Credit Facilities

Credit facilities

The Company's credit facilities are represented as follows (thous. of roubles):

| | Redemption period | As of December 31, 2008 | As of December 31, 2009 |
|--|-------------------|-------------------------|-------------------------|
| Long-term loans | | | |
| EBRD | 2012 | 5,331,667 | 3,287,732 |
| EBRD | 2018 | 2,866,667 | - |
| EBRD | 2018 | 2,465,000 | - |
| CALYON Deutschland | 2025 | - | 133,649 |
| CALYON Deutschland | 2014 | - | 1,083,948 |
| BNP Paribas | 2023 | - | 2,070,135 |
| Short-term loans (including the short-term part of long-term loans) | | 7,966,999 | 3,468 |
| EBRD | 2009 | 1,440,453 | - |
| Bank of Moscow | 2009 | 2,300,000 | - |
| CJSC International Industrial Bank | 2009 | 2,976,000 | - |
| Sberbank of Russia | 2009 | 1,250,546 | - |
| CALYON Deutschland | 2010 | - | 3,468 |

Accounts payable on received loans and credit facilities are reported and shown in the financial statements including all accrued interests as of the end of the reporting period.

In 2009, the Company received loans amounting to 8,767,672 thousand roubles; accrued interest on loans totalled 1,616,655 thousand roubles. The total amount of loans paid in 2009 reached 18,711,271 thousand roubles, including the early repayment (in December 2009) of the EBRD loan; the amount of interest on loans totalled 1,702,252 thousand roubles.

The consolidated effect from the recalculation of transactions on loans denominated in foreign currencies amounted to 21,730 thousand roubles. Additional expenses related to loans amounted to 1,314,016 thousand roubles in 2009 (19,440 thousand roubles in 2008).

Interest rates on long-term loans in 2009 ranged from 2.74% to 24.5% (from 7.58% to 24.5% in 2008). Interest rates on short-term loans in 2009 ranged from 13.7% to 18.0% (from 6.62% to 18.00% in 2008).

As of December 31, 2008 and December 31, 2009, the Company had no overdue loans.

Loans

The Company's loans are represented as follows (thous. of roubles):

| | Redemption period | As of December 31, 2008 | As of December 31, 2009 |
|---|-------------------|-------------------------|-------------------------|
| Long-term loans | | 9,412,243 | 14,412,243 |
| Bond loans (series 02) | 2016 | 4,782,914 | 4,782,914 |
| Bond loans (series 01) | 2011 | 4,629,329 | 4,629,329 |
| Bond loans (series 03) | 2014 | - | 5,000,000 |
| Short-term loans | | | |
| (including the short-term part of long-term loans) | | 226,699 | 2,412,923 |
| Bond loans (series 02) | - | 125,322 | 126,324 |
| Bond loans (series 01) | - | 101,377 | 169,640 |
| Bond loans (series 03) | - | - | 37,911 |
| Stock bonds | 2010 | - | 2,079,048 |

In 2009 the Company received a long-term bond loan amounting to 5,000,000 thousand roubles; accrued interest on loans totalled 899,286 thousand roubles; paid interest on loans reached 713,062 thousand roubles.

Additional expenses related to receiving loans amounted to 39,139 thousand roubles in 2009 (0 thousand roubles in 2008).

Interest rates on loans in 2009 ranged from 7.54% to 12.50% (from 7.54% to 7.65% in 2008).

As of December 31, 2008 and December 31, 2009, the Company had no overdue loans.

13. Payables

Details on payables under Line 625 of the Balance Sheet, 'Other debtors' are as follows (thous., roubles):

| | As of December 31, 2008 | As of December 31, 2009 |
|--|-------------------------|-------------------------|
| Advances received | 1,473,355 | 2,129,550 |
| Other claimholders | 1,108,232 | 1,832,605 |
| VAT on advances paid | - | 656,256 |
| Liabilities to the Property Department of Moscow on funds received for the shared construction | 523,461 | 523,461 |
| Civil liabilities on writs of execution | 498,014 | 498,014 |
| Liabilities secured by the Company's own bills of exchange | 57,000 | 95,000 |
| Other | 29,757 | 59,874 |
| Total | 2,581,587 | 3,962,155 |

14. Taxes

Pursuant to the Provisions on accounting, 'Income Tax Accounting', (Russian Accounting Standards, or RAS 18/02), the Company recorded in the Balance Sheet, as well as in the Income Statement the following indicators for 2009 (thous., roubles):

| No. | Line number of the Income Statement | Line/Indicator Name | for 2009 | in 2008 |
|-----|-------------------------------------|---|------------------|------------------|
| 1 | 140 | Revenue (loss) before Tax | 6,973,588 | 2,220,069 |
| 1.1 | | including revenues from equities in other organisations | 25,194 | - |
| 2 | | Contingent expenses (contingent gains) on the income tax ((lines 1-1.1)x20% for 2009, line 1x20% for 2008)) | 1,389,679 | 532,817 |
| 2.1 | | Taxes on dividends deducted from the source of payment (line 1.1x9%) | 2,267 | - |

| | | | | |
|-----|-----|--|--------------------|------------------|
| 3 | 200 | Standing tax liabilities (assets), (line 4-6), including: | 1,062,323 | 314,823 |
| 4 | | Standing tax liabilities (line 5x20% for 2009, line 5x24% for 2008) | 1,467,191 | 1,017,188 |
| 5 | | Standing variations taking into account taxable profits, including: | 7,335,954 | 4,238,283 |
| | | including expenses for social benefits | 940,267 | 1,625,614 |
| | | including variations related to the depreciation losses not accepted for tax assessment | 5,032,055 | 1,366,652 |
| | | including assets exceeding legislative norms | 715,665 | 660,763 |
| | | including expenses not related to regular operations | 208,870 | 210,726 |
| | | variations in reserves under regular and tax accounting | 730,696 | 206,951 |
| | | other variations which increase taxable profit | (394,869) | 112,049 |
| | | other variations which increase taxable profit | 103,270 | 55,528 |
| 6 | | Standing tax assets ((lines 7.1+7.2)x20% for 2009, line 7x24% for 2008)) | (404,868) | (702,365) |
| 7 | | Standing variations taking into account taxable profits, including: | (1,742,056) | (2,926,521) |
| 7.1 | | profits not accepted for tax assessment | (195,053) | (247,205) |
| 7.2 | | variations in reserves under regular and tax accounting | (135,605) | (58,300) |
| 7.3 | | variations on profits/losses reported in revised declarations | (1,411,398) | (2,621,016) |
| 8 | 141 | Deferred Tax Assets (line 9x20% for 2009, line 9x24% for 2008) | 13,722 | 7,465 |
| 9 | | temporary deducted variations, including: | 68,610 | 31,102 |
| | | losses from the assignment of right of demand of the debt after the repayment date | (28,559) | 28,559 |
| | | other deferred expenses | 14,296 | 2,763 |
| | | loss from sales of amortised property | 82,873 | (220) |
| 10 | 142 | Deferred Tax Liabilities (line 11x20% for 2009, line 11x24% for 2008) | (1,284,028) | (285,999) |
| 11 | | Temporary tax deducted variations, including: | (6,420,140) | (1,191,661) |
| | | variations in fixed assets amortisation | (6,543,890) | (1,702,690) |
| | | variations in indirect expenses | (11,203) | (1,345) |
| | | variations in the bad debts reserve in tax and general accounting | 139,426 | 319,687 |
| | | other taxable variations | (5,428) | 189,932 |
| | | licensing expenses, software purchase expenses | 955 | 2,755 |
| 12 | | Taxable base for the income tax (line 1 +line5 -line 7 +line 9 -line 11) | 6,215,956 | 2,371,277 |
| 13 | | Income tax (line 2 +line 2.1 +line 3 +line8 - line 10), including: | (1,183,963) | (569,106) |
| | 145 | Current income tax | (1,520,432) | (1,198,150) |
| | 146 | Income tax for previous years | 338,736 | 629,044 |
| | | Taxes on dividends deducted from the source of payment | (2,267) | - |
| 14 | | Other expenses from profit | (10,329) | (708) |
| 15 | 190 | Net Profit (loss) for the reporting period (line 1 -line 13 -line 14 +line 8 -line 10) | 4,508,990 | 1,371,721 |

15. Other Current Liabilities

As of December 31, 2009, liabilities in Line 660, 'Other current liabilities' of the Balance Sheet amount to 6,839 thousand roubles (RUR 118,888 thousand as of December 31, 2008). The variation of current liabilities in the reporting period amounted to 112,049 thousand roubles. It happened due to the use of the reserve (in this reporting period) set up in the previous periods following the suit of OJSC MTK regarding the recovery of interest accrued for the use of external funding, as well as due to untimely payments under the agreement on providing heat transmission services and the heat transfer medium.

16. Operating Expenses

The cost of sold goods, products, works and services (the total of lines 020, 030, 040 of the blank (form) No. 2) correlates with the total amount of expenses recorded in Line 760 of Section titled 'Operating Expenses' of Blank (form) 5, 'Annex to the Balance Sheet', as stated in the corresponding section of Form 5.

17. Other gains and expenses

Details on Line 90, 'Other Expenses' and on Line 100, 'Other Expenses' of the Income Statement of the Company are given as follow (thous., roubles):

| | for 2009 | | for 2008 | |
|---|------------------|------------------|-------------------|-------------------|
| | Profits | Expenses | Profits | Expenses |
| Sales of fixed assets and commodities and materials | 3,401,926 | 1,343,976 | 103,937 | 91,373 |
| Changes in valuation reserves | 1,786,670 | 1,654,930 | 1,971,937 | 2,477,410 |
| Financial investment flow, including third-party bills of exchanges | 1,041,366 | 92,505 | 15,408,120 | 15,408,120 |
| Other revenues and expenses detailed in the Details of Revenues and Expenses of the Income Statement (except for changes in valuation reserves) | 436,567 | 361,802 | 453,710 | 938,419 |
| Subsidies for losses related to thermal power | 378,179 | - | 324,268 | - |
| Sales of accounts receivable | 281,608 | 303,081 | 548,597 | 606,060 |
| Revenues and expenses resulting from emergency situations | 64,802 | 21,110 | 259,087 | 211,583 |
| Revenues and expenses incurred under the agreement on fiduciary management of securities | 34,450 | 28,127 | - | 254 |
| Revenues from the revaluation of securities | 24,621 | - | - | - |
| Sale and purchase of foreign currency | 11,645 | 3,832 | 155 | 52,964 |
| Expenses related to borrowing | - | 1,314,016 | - | 19,440 |
| Expenses related to social benefits | - | 495,739 | - | 1,087,176 |
| Services of the Technical Information Bureau | - | 178,342 | - | 742 |
| Redundancy compensations paid to employees | - | 126,963 | - | 291,414 |
| Legal and consulting services | - | 86,385 | - | 99,806 |
| Compensation for the out-of-service time due to the employer's fault | - | 80,437 | - | - |
| VAT for the account of profits | - | 68,428 | - | 84,957 |
| Expenses for production which resulted in no output | - | 64,999 | - | - |
| Banking services | - | 61,958 | - | 156,387 |
| Disposal of unprofitable assets | - | 51,307 | - | 59,505 |
| Other taxes | - | 25,467 | - | 45,036 |
| Sponsorship, charity expenses | - | 4,581 | - | 16,348 |
| Equipment dismantling expenses | - | 1,894 | - | 40,865 |
| Other | 33,210 | 193,186 | 43,976 | 203,542 |
| Total | 7,495,044 | 6,563,065 | 19,113,787 | 21,891,401 |

As of December 31, 2009 and December 31, 2008, revenues and expenses related to the build-up of a bad debt reserve are recorded in the Company's statements in a detailed manner and for the amount if the reversed reserve, which was accrued in the previous reporting period and remained unused as of the end of the reporting period.

18. Earnings per Share

Basic earnings per share is calculated as a ratio of the basic profit for the reporting period to the weighted number of common stock in circulation during the reporting year. Basic earnings equals to the net profit of the reporting year (line 190 of the Income Statement).

When allocating the weighted number of common stock in circulation, the Company registered its shares acquired under the fiduciary management agreement; the Company did not register its shares bought back from the shareholders as a result of the merge with OJSC Mosenergo Holding and registered on the Company's bank book as of December 31, 2009 and December 31, 2008.

| | For 2009 | For 2008 |
|---|----------------|----------------|
| Net profit (undistributed) for the reporting year, thous., roubles | 4,508,990 | 1,371,721 |
| Weighted number of the Company's own outstanding shares in the reporting year | 39,609,130,249 | 39,640,219,504 |
| Basic Earnings per Share | 0.1138 | 0.0346 |

In 2009, the Company did not have an additional issue of common shares. The Company also did not have securities that had to be converted into an additional number of common shares, according to the issue requirements. The Company had no events related to an increase in the number of common shares. Therefore, the Company did not calculate the diluted earnings per share.

19. Affiliated Parties

As of December 31, 2008, the Company was controlled by OJSC Gazprom, which owns 53.47% of the Company's common stock. The other 46.53% of the common stock is distributed among a large number of shareholders, including a small share owned by the city of Moscow (represented by the Property Department of Moscow): 21.16% of the common stock.

In April 2009, OJSC Gazprom transferred its share of 53.47% of the Company to its 100%-owned subsidiary, Gazprom Energoholding, Ltd. As of December 31, 2009 the Company is controlled by OJSC Gazprom Energoholding and is part of the Gazprom Group, which includes OJSC Gazprom and its subsidiaries.

In 2009, other affiliated parties of the Company were members of the BoD, members of the Executive Board and the following legal entities:

| Organisational and Legal Form, Organisation Name | Type of Affiliation (control or significant influence) |
|--|--|
| CJSC Energoinvest-ME | OJSC Mosenergo has the right to control more than 20% of the voting stock (equity, shares) making up the charter capital stock of the entity |
| CJSC Energo-konsalt | OJSC Mosenergo has the right to control more than 20% of the voting stock (equity, shares) making up the charter capital stock of the entity |
| Seba-Energo Russian-German Joint Venture, Ltd. | OJSC Mosenergo has the right to control more than 20% of the voting stock (equity, shares) making up the charter capital stock of the entity |
| OJSC Shatura Association for Peat Mining | OJSC Mosenergo has the right to control more than 20% of the voting stock (equity, shares) making up the charter capital stock of the entity |
| OJSC 'TEK Mosenergo' | OJSC Mosenergo has the right to control more than 20% of the voting stock (equity, shares) making up the charter capital stock of the entity |
| The Central Repairs and Mechanical Plant, Ltd. | OJSC Mosenergo has the right to control more than 20% of the voting stock (equity, shares) making up the charter capital stock of the entity |
| Leasinginvest-ME, Ltd. | The entity belongs to a group of entities, which include OJSC Mosenergo |
| Joint Stock Company Topenergy | The entity belongs to a group of entities, which include OJSC Mosenergo |

Sales of products to affiliated parties were carried out according to standard business procedures and at market prices with the exclusion of prices for goods and services subject to tariff regulations.

Sales of heat are carried out by Mosenergo at prices not exceeding the regulated tariffs (their threshold values), if available, as well as in accordance with the Wholesale Market Regulations and the Ordinance of the Government of the RF, No.109, 'On Pricing of Electricity and Heat in the Russian Federation', dated 26.02.2004,.

In 2009, the amount of electricity sold by OJSC Mosenergo on the 'the next day market' and on the 'balancing market' reached 15,775,226 thousand roubles; the amount of capacity reached 11,636,486 thousand roubles (12,671,649 thousand roubles and 3,339,172 thousand roubles sold in 2008, respectively). The major share of these sales was carried out at prices determined

through a competitive selection of price bids of customers and suppliers in accordance with the Ordinance of the RF Government No. 643, 'On Regulations of the Wholesale Market of Electricity in the Transitional Period', dated 24.10.2003.

Purchases of products from affiliated parties were carried out according to standard business procedures and at market prices with the exclusion of prices for goods and services subject to tariff regulations.

In the reporting period, the Company did not carry out non-cash mutual settlements with affiliated parties.

Services regarding the supply of thermal energy were purchased from OJSC Moscow Heating Network Company in accordance with the tariffs approved by the Ordinance of REK of the City of Moscow No.87, dated 19.12.2007 and the Minutes No.17 of TEK of the Moscow Region, dated 26.12.2007.

Transactions with affiliated parties of OJSC Gazprom

In the reporting year, the Company rendered services on lease of property, communication services, as well as sold bills of exchange to the following organisations of OJSC Gazprom:

| | Sales profit | |
|--------------------------------|----------------|----------------|
| | For 2009 | For 2008 |
| OJSC Gazprombank | 208,221 | 168,139 |
| OJSC 'Gazprom' | 20,604 | 15,133 |
| OJSC 'TGK-1' | 7,981 | 2,879 |
| CJSC Gazpromenergobank | 6,919 | - |
| OJSC Stroytransgaz | 5,448 | 3,816 |
| OJSC 'WGC-2' | 4,717 | 9,160 |
| OJSC 'WGC-6' | 4,180 | 742 |
| OJSC Promgaz | 1,556 | 1,195 |
| OJSC Gazavtomatika | 878 | 608 |
| CJSC Gaztelecom | 184 | 161 |
| OJSC AK Sibur | 3 | 2,125 |
| Gazprom Transgaz, Moscow, Ltd. | - | 339 |
| Gazflot, Ltd. | - | 38 |
| Total | 260,691 | 204,335 |

In the reporting period, the following organisations of OJSC Gazprom rendered product (gas) supply services, as well as other services to the Company (thous., roubles):

| | The cost of rendered products, works and services | |
|----------------------------------|---|-------------------|
| | For 2009 | For 2008 |
| Mosregiongas, Ltd. | 49,978,200 | 44,470,779 |
| OJSC 'Sogaz' | 507,568 | 351,567 |
| CJSC Gazpromenergobank | 179,619 | - |
| OJSC Gazprombank | 91,609 | - |
| OJSC Neftyanoy Dom | 62,789 | - |
| OJSC Sibur Holding | 21,335 | - |
| OJSC 'WGC-6' | 2,925 | - |
| OJSC Gazenergoset Nefteprodukt | 1,331 | - |
| OJSC 'Druzhba' | 1,081 | - |
| OJSC Gazpromneft-Center - SELLER | 394 | - |
| OJSC NTV-PLUS | 248 | - |
| Gazprommedservice, Ltd. | 15 | - |
| OJSC Gazpromregiongaz | - | 45,709 |
| Total | 50,847,114 | 44,868,055 |

The information about the revenue and the cost of rendered products, works and services are listed net of VAT, excises and export duties.

Loans issued to affiliated parties (thous., roubles):

| | 2009 | 2008 |
|--------------------------------------|-------------------|-------------------|
| Liabilities as of January 1 | 13,375,000 | - |
| Issued in the reporting year | - | 13,375,000 |
| Paid in the reporting year | 606,125 | - |
| Liabilities as of December 31 | 12,768,875 | 13,375,000 |

The above-stated loan is granted to CJSC Gazenergoprom-Invest" at 8.3% interest p.a.

The loan maturity date set in the agreement is December 31, 2008. The Company expects that the above-stated loan will be repayed in 2010.

As of December 31, 2009, liabilities of the Company on the settlements with affiliated parties of OJSC Gazprom amounted to (thous., roubles):

| | Accounts Receivable | | Payables | |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As of December 31, 2009 | As of December 31, 2008 | As of December 31, 2009 | As of December 31, 2008 |
| Mosregiongas, Ltd. | 3,954,305 | 3,872,926 | 2,504 | 375,545 |
| CJSC Gazenergoprom Invest | 1,723,980 | - | - | - |
| CJSC Gazprombank Leasing | 605,749 | 327,255 | 48,112 | - |
| OJSC Neftyanoy Dom | 10,927 | - | 360 | - |
| OJSC 'TGK-1' | 9,925 | 2,064 | 2,122 | - |
| OJSC 'Gazprom' | 4,952 | - | - | - |
| OJSC Gazenergoprombank | 1,131 | - | - | - |
| OJSC 'WGC-6' | 471 | 471 | - | - |
| OJSC Stroytransgaz | 231 | - | 6 | 133,945 |
| OJSC NTV-PLUS | 74 | 272 | - | - |
| OJSC Gazprombank | 66 | 593 | 5,518 | - |
| OJSC 'SOGAZ' | 43 | - | 7,482 | - |
| OJSC Sibur Holding | - | - | 8,132 | - |
| Gazprom Transgaz, Moscow, Ltd. | - | 400 | - | - |
| OJSC 'WGC-2' | - | 3,473 | - | - |
| CJSC 'SR-DRAGa' | - | - | 2,950 | - |
| Gazprommedservice, Ltd. | - | - | 2,539 | - |
| OJSC Gazenergoset | - | - | 93,263 | - |
| Other | 71 | - | - | - |
| Total | 6,311,925 | 4,207,454 | 172,988 | 509,490 |

Operations with Other Affiliated Parties

In the reporting period the Company sold electricity and heat, as well as rendered services to other affiliated parties listed below (thous., roubles):

| | Sales profit | |
|--------------------------------------|----------------|---------------|
| | For 2009 | For 2008 |
| OJSC Thermal Power Company Mosenergo | 177,693 | 10,723 |
| CB Transinvestbank, Ltd. | 16 | 4,800 |
| Total | 177,709 | 15,523 |

In the reporting period the Company received products, works and services from the following other affiliated parties (thous., roubles):

| | The cost of received products, works and services | |
|--------------------------------------|---|----------------|
| | For 2009 | For 2008 |
| OJSC Thermal Power Company Mosenergo | 7,615 | - |
| CB Transinvestbank, Ltd. | - | 161,567 |
| Total | 7,615 | 161,567 |

The information about the revenue and the cost of rendered products, works and services are listed net of VAT, excises and export duties.

As of December 31, 2009, liabilities of the Company on the settlements with other affiliated parties of the Company amounted to (thous., roubles):

| | Accounts Receivable | | Payables | |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As of December 31, 2009 | As of December 31, 2008 | As of December 31, 2009 | As of December 31, 2008 |
| OJSC 'TEK Mosenergo' | 308,047 | 496,355 | 236,416 | 1,711,247 |
| CB Transinvestbank, Ltd. | - | - | - | 20 |
| CJSC Energoinvest-ME | - | - | - | 545 |
| Shaturtorf, Ltd. | - | 5 | - | - |
| Total | 308,047 | 496,360 | 236,416 | 1,711,812 |

Operations Regarding the Executive Personnel

Major executive personnel of the Company includes: members of the Board of Directors, members of the Executive Board. A list of members of the Board of Directors and members of the Executive Board is presented in the Section 'General Information' of the Explanatory Note.

Remuneration to Director General is to be approved by the Chairman of the Board of Directors of OJSC Mosenergo.

Remuneration to the major executive personnel are classified as follows (thous., roubles):

| | For 2009 | For 2008 | As of December 31, 2009 | As of December 31, 2008 |
|---|---------------|----------------|-------------------------|-------------------------|
| short-term remuneration (salaries, premiums and bonuses) | 77,324 | 107,783 | - | 1,483 |
| remuneration related to the termination of a labour agreement | - | 147,078 | - | - |
| Expenses related to retirement benefits | - | 22,104 | - | - |
| Total | 77,324 | 276,965 | - | 1,483 |

The information in the Table is presented without accruals in the extra-budgetary funds.

The majority of the Company employees are entitled for private retirement benefits after the termination of labour. The Company pays contributions for its employees, including key executives, to the Private Pension Fund Gazfond and to the Private Pension Fund Elektroenergetika .

The total amount of contributions paid to the Private Pension Fund Gazfond in 2009 and 2008 totalled 1,280 thousand roubles and 364,181 thousand roubles, respectively.

The total amount of contributions paid to the Private Pension Fund Elektroenergetika in 2009 and 2008 totalled 0 thousand roubles and 425,293 thousand roubles, respectively.

20. Contingent Factors and Information about Business Operations

Taxation

The Russian tax, currency and customs legislation allows for different interpretation and is subject to frequent changes. The Company's Management accepts that, regarding some transactions executed in the reporting period and the previous accounting periods, there is a possibility of disputes with controlling bodies which may lead to a change in the results of the Company's business operations. Pursuant to Paragraph 24 of the Provisions of Accounting, titled 'Contingent Factors of Business Operations', RFPS 8/01, detailed information about such transactions shall not be disclosed in the report. Recent events in the Russian Federation give an indication that tax authorities might have a stricter position in interpretation of the legislation and the inspection of tax settlements; the authorities could also dispute operations and activities that were not subject for disputes earlier. As a result, significant additional tax amounts might be imposed in the form of penalties and surcharges. Furthermore, tax inspections might cover three calendar years of the activities carried out before the year of inspection. Under certain circumstances even earlier periods might be subject for inspection.

As of December 31, 2009, the Company completed all tax disputes which occurred in the previous reporting periods. In the second half of 2009, tax authorities carried out an on-site tax inspection of the Company regarding the 2006 to 2009 taxation period. The Company has not yet received the inspection results, but we believe that the Company has no substantial unreported tax liabilities or unforeseen events which could have a significant negative influence on the Company's operations and financial position as of the reporting date.

The Company's Management believes that the Company managed to interpret the corresponding legislative provisions correctly and the Company's position in regard to taxation, currency and customs legislation will be stable as of December 31, 2009.

21. Issued Guarantees

As of December 31, 2009, the Company issued guarantees to third parties under mortgage agreements for the total amount of 296,165 thousand roubles (380,503 thousand roubles as of December 31, 2008). The Company's Management does not expect any significant liabilities regarding these guarantees.

22. Judicial Proceedings and Out-of-Court Settlements

As of December 31, 2009, the Company is a defendant in a number of insignificant arbitration suits, including those with tax authorities. The Management of the Company believes that the results of these processes will not have a considerable effect on the Company's financial position.

The exception is made for the following important lawsuits:

1. The Moscow Arbitration Court in the Ninth Arbitration Court and Court of Appeal of the Federal Arbitration Court in the Moscow District of the Supreme Arbitration Court of the Russian Federation is reviewing 26 lawsuits (undergoing different stages of the judicial procedure) of OJSC Mosenergosbyt to OJSC Mosenergo. These actions are filed for the recovery of payments under the recourse procedure resulting from the Agreement on the Principles of Joint and Several Liability between the companies which emerged during the reorganisation of OJSC Mosenergo as of December 19, 2008. The amount of the lawsuit totals 92,019 thousand roubles. The possibility of satisfaction of claims of OJSC Mosenergosbyt is currently estimated as high (90%). The Company's Management is considering the creation of a reserve for these risks.

2. According to the Inspection Resolution, no. 23-D issued by the Moscow Regional Power Commission and dated July 24, 2009, OJSC Mosenergo was declared guilty of an administrative violation regarding the overcharging of tariffs for heat supplied to consumers. These tariffs were set in the Ordinance No. 1112-PP, 'On the Approval of the Utility Prices, Rates and Tariffs for the Population in 2009'. The possibility of a court decision about imposing administrative penalties (fines) on the Company is considered to be moderate (50%). The maximum possible value of fines under such a decision could reach 461 mn roubles. The Company's Management currently considers this to be the least likely event.

3. The Department of the Federal Antimonopoly Service, Moscow instituted legal proceedings No. A7-43/2009 against OJSC Mosenergo regarding abuse of the leading position on the heat sales market. The violation concerns impingement of interests of PIK-Komfort, Ltd., regarding the pricing procedure envisaged in legal acts. The possibility of a court decision about imposing administrative penalties (fines) on the Company is considered to be moderate (50%). The maximum possible value of fines under such a decision could reach 1.8 mn roubles. The Company's Management currently considers this to be the least likely event.

23. Events after the Reporting Date

Dividends

In May or June of 2010, the General Meeting of Shareholders will approve the amount of annual dividends per share. The Company's Board of Directors is scheduled to meet in April 2010 in order to consider the amount of dividends for 2009, which shall be to be recommended for the approval by the General Meeting of Shareholders.

Events after the Reporting Date

According to 2H09 resolutions of the major shareholder of the Company and the Company's Board of Directors, OJSC Mosenergo is planning to sell several of its minor assets in 2010. These assets will be reported in Line 120, 'Fixed Assets'. of the Balance Sheet.

24. Financial Crisis

Starting from mid-2008, the Russian economy was influenced by the world's financial crisis. It resulted in a decrease of mutual trust in investment and banking,

The growth of credit, currency and price risks resulted in negative economic events, such as price hikes, the volatility of stocks, a drop in industrial output, an avalanche of defaults and bankruptcies. The Company's Management cannot foresee all economic trends which could influence the Company's financial position and operating results. The Management believes that it takes all measures needed for to support sustainable business growth of the Company in this market situation.

Head of Company



V.G. Yakovlev

Chief Accountant



S.A. Suraev

On this day 1 of march 2010

Glossary

| | |
|-----------------|--|
| ADR | American Depository Receipt |
| APS | Atomic Power Station |
| TPP | Thermal Power Plant |
| GTU | Gas Turbine Plant |
| HPS | Hydroelectric Power Station |
| CIS | Corporate Information System |
| Capacity Factor | Total capacity load factor |
| PF | Performance Factor |
| KPI | Key Performance Indicator |
| MICEX | Moscow Interbank Currency Exchange |
| MOEK | Moscow Unified Energy Company |
| MRSK | Interregional Distribution Network Company |
| IFRS | International Financial Reporting Standards |
| MEK | Moscow Design Institute for Power Facilities |
| MESR | Mosenergospetsremont |
| NP | Non-profit partnership |
| WGC | Wholesale Generating Company |
| WMEC | Wholesale Market of Electric Energy and Capacity |
| UES | Unified Energy System |
| CCGT | Combined Cycle Gas Turbine |
| ST | Steam Turbine |
| RAS | Russian Accounting Standards |
| RTS | Russian Trading System (Stock Exchange) |
| RTS | Heat Distribution Networks |
| BoD | Board of Directors |
| SO UES | System Operator of the Unified Energy System |
| t/e | Thermal Energy |
| TA, OS and EP | Service for Technical Audit, Occupational Health and Safety and Environmental Protection |
| RGC | Regional Generating Company |
| ME | Mechanic Equipment |
| TPP | Combined Thermal Power Plant |
| FAS | Federal Antimonopoly Service |
| FSC | Federal Securities Commission |
| FTS | Federal Tariff Service |
| FFMS | Federal Financial Markets Service |
| CDO | Central Dispatch Office |
| e/e | Electric Energy |

Measurement Units

Gcal – Gigacalorie, measurement of thermal capacity
 Gcal/ hour – Gigacalorie per hour, measurement of thermal power
 kW – kilovolt, measurement of voltage
 kWh – kilowatt per hour, measurement of electric energy
 MW – megawatt, measurement of electric capacity

Contact Details

Investor Relations Department:

Ekaterina Alekseevna Pavlova
Head of the Department
Phone: (495) 957-1-957 (ext. 37-67)
pavlovaea@mosenergo.ru

Denis Sergeevich Voronchikhin
Leading Expert
Phone: (495) 957-1-957 (ext. 34-57)
voronchikhinds@mosenergo.ru

Contact details for individual shareholders:

Tatiana Fyodorovna Sivova
Leading Specialist of the Corporate Governance Department
Phone: (495) 957-1-957 (ext. 32-10)

Mosenergo's Website: www.mosenergo.ru

Postal Address:

119526, Moscow, Prospekt Vernandskogo, 101, building 3

Auditor's Details:

CJSC PriceWaterhouseCoopers Audit
White Square Office Center
10 Butyrsky Val,
Moscow, Russia, 125047
Phone: (495) 967-60-00
Fax: (495) 967-60-01
Website: www.pwc.com

Registrar Details:

CJSC 'SR-DRAGa'
Moscow, Novocheryomushkinskaya st., 71/32
Phone: (495) 719-40-44, (495) 719-39-29, (495) 719-39-30
E-mail: info@draga.ru
Website: www.draga.ru