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June 1, 2007

Mr. Yakov Urinson
Deputy Chairman of the Management Board

RAO UES of Russia
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MARKET VALUE ANALYSIS OF AN ORDINARY SHARE AND A PREFERRED SHARE IN RAO UES OF RUSSIA

(EXECUTIVE SUMMARY OF VALUATION REPORT NO. VAL-M82012/002)

Dear Mr. Urinson,

In accordance with Addendum 1 of February 22, 2007, to Agreement No. 79-36/ОЦ-29 of July 4, 2006, ZAO Deloitte and Touch CIS (hereinafter "Deloitte" or "Appraiser") has conducted a market valuation of an ordinary share and a preferred share in RAO UES of Russia, on minority basis (hereinafter, "Subject Property") as of April 1, 2007 ("Valuation Date").

This information letter presents a summary of key valuation assumptions and findings reported in our Valuation Report No. VAL-M82012/002 on market valuation of an ordinary share and a preferred share in RAO UES of Russia on minority basis ("Report"). This assignment is the Phase II of the valuation engagement under Agreement No. 79-36/ОЦ-29 of July 4, 2006. Phase I of the engagement was completed in June-August 2006. Key premises and assumptions and Phase I findings were summarized in our information letter of August 11, 2006, to RAO UES of Russia.

Objective of the analysis

Our market value analysis was performed for RAO UES of Russia ("Client" or "Company") with the sole purpose of share redemption from minority shareholders of RAO UES in accordance with Article 75 of RF Law No 208-FZ *On Joint Stock Companies*, dated December 26, 1995.

Methodology

Our valuation analysis was performed in compliance with Russian Valuation Standards approved by Decree No. 519 of the RF Government *On Approval of Valuation Standards* of July 6, 2001, and mandatory for all appraisers and International Valuation Standards (IVS). We also relied on the Methodology and Guidelines for Business and/or Asset Valuation of RAO UES of Russia, its subsidiaries and affiliates ("Methodology"). We based our analysis on the definition of the market value provided by Federal Law No. 135-FZ *On Valuation Activities in the Russian Federation* as follows:

"…the most probable price, at which such property may be alienated in a competitive open market, with parties to the transaction acting reasonably and knowledgeably, and with no extraordinary circumstances affecting the value of the transaction, i.e. where:

- *neither party is obliged to dispose of the property and neither party is obliged to accept the transaction;*
- *the parties to the transaction are well-informed as to the subject thereof and act in their own interests;*
- *the property is publicly offered in the open market;*
- *the amount of the transaction represents a reasonable consideration for the property and there has been no compulsion to perform the transaction on either party thereto from any quarters whatsoever;*
- *payment in respect of the property is expressed in monetary form".*

Phase II of the market valuation of a 100% interest in the shareholders' equity of the Company was initially performed as of January 1, 2007. We estimated key power market parameters for cash flow forecast purposes using a power consumption growth model based on historical trends and projected new consumers known to us as of the Valuation Date. In this document this model is referred to as the Organic Growth Scenario.

However, Q1 2007 saw a number of developments that could have a material effect on our valuation findings and could not be ignored in the process of valuation analysis. As a result, we found it necessary to update our analysis as of April 1, 2007. The above developments include the completion of the General Plan of Power Industry Projects to 2030 developed for the Ministry of Industry and Energy and generally approved by the RF Government and the discussions of the RAO UES Investment Program and power consumption growth forecasts to 2011 at Government meetings. In addition, President Putin included specific targets to commission new generation projects by 2020 in his address to the RF Federal Assembly.

RAO UES management wanted the effect of the above developments to be reflected in valuation results. Accordingly, we developed an Accelerated Growth Scenario to supplement our initial analysis.

Thus, to derive the market value of an ordinary share and a preferred share in RAO UES on minority basis, we estimated the value of a 100% interest in the Company's equity under two scenarios:

- Organic Growth Scenario;
- Accelerated Growth Scenario.

RAO UES is a holding company with a complex and diversified structure, and it generates income from equity participations. Therefore, in our market value analysis of the Company's equity we relied on the cost approach, in particular, the net assets (sum of the parts) method. To derive the market value of the Company's income from equity participations, we classified its long-term investments into several groups and estimated their value using the most suitable valuation techniques on a case by case basis.

We decided against using the market approach, namely, the guideline company method and the similar transactions method (based on transactions with similar foreign assets), for the following reasons:

- A lack of comparable companies and transactions as all utility companies are unique in terms of fuel used, heat and power generation methods, equipment capacity, production asset geography etc.;
- Noticeable differences in the business scope and diversification of peer companies (the majority of leading global utility companies have a significant share of gas business);
- Significant diversity of tariff regulation regimes in different countries;
- Trading in utility stocks is very speculative and lacks transparency, with transaction prices varying within a broad range.

However, following the recommendations of the Ministry of Economic Development and Trade, suggesting the use of the market approach in the valuation of thermal power plants (letter No. D07-564 of May 31, 2007), we thought it reasonable to analyze market transactions with ordinary shares in RAO UES and consider the findings in arriving at our final value conclusion. The above findings were approved by the decision of RAO UES Valuation Committee dated June 6, 2007, for use in the valuation analysis with at least 50% weight.

Key assumptions

- In our market value analysis we assumed that the information on the structure, operations, investments and financial results of the subject Company provided to us by the management and staff of the Company, is ample, correct and accurate;
- We also assumed the absence of any hidden (not explicitly provided to us) fact that can affect the value of the subject property;
- In our analysis, we proceeded under the assumption that all applicable federal, regional, local land, environmental and other similar laws and regulations will be complied with;
- Our macroeconomic assumptions were based on the forecasts published by the Ministry of Economic Development and Trade (MEDT) and Economist Intelligence Unit (EIU) and were not adjusted for any possible changes in the economic policy of the Russian Government;
- Key electricity market forecasts, including projected demand and supply, the utilization of plant capacity, electricity prices etc. were based on data published by the RF Government, the Ministry of Industry and Energy, MEDT and RAO UES of Russia;
- In estimating effective equity interests we did not consider any potential changes from planned public offerings by generation companies.

Valuation procedures

Based on our understanding of the goals and objectives of this engagement and our experience in the field, our valuation analysis included the following:

- Collection of data on the Company's business and environment:
    - historical and projected key Russian and regional macroeconomic indicators;
    - data on the Russian and global power industry;
    - documents on Company operations (all documents were provided by Company management and staff);
- Discussions with Company management of the following issues:
    - the nature and functioning of Company business;
    - mid-term projections for specific performance indicators of the Company and its subsidiaries and underlying premises and assumptions;

  - future reform plans;
- Compilation and analysis of collected data to prepare valuation analysis inputs:
  - projected changes in macroeconomic environment;
  - projected changes in industry environment;
  - normalized key balance sheet and income statement items;
- Conclusions on the application of income, cost and market approaches in the valuation of the Company and its subsidiaries based on data analysis;
- Financial modeling and estimation of the market value of Company investments into production subsidiaries:
  - calculation of cash flows from generation, network and distribution subsidiaries using the DCF analysis under the income approach;
  - adjustment of subsidiary cash flows for the effective interest of RAO UES and discounting the total cash flow to the Valuation Date;
- Market value analysis of other Company investments;
- Estimation of the Company's value using the net assets method under the cost approach;
- Market value analysis of the Company and the subject property using the market approach;
- Derivation of the indication of value of the subject property;
- Preparation of the Valuation Report summarizing the results of our market value analysis of the subject property.

Valuation summary

Based on the accepted methodology, and subject to the assumptions briefly summarized in this letter and the Report, we have arrived at the following indication of the market value (rounded) of an ordinary share in RAO UES of Russia as of April 1, 2007:

RUR 32.15
THIRTY TWO RUBLES FIFTEEN KOPEKS

The market value (rounded) of a preferred share in RAO UES of Russia as of April 1, 2007 was:

RUR 29.44
TWENTY NINE RUBLES FORTY FOUR KOPEKS

Valuation certification

Based on all relevant information available to us, we certify, that:

- To the best of our knowledge and belief, the statements of fact contained in the Report are true and correct;
- Our valuation procedures were performed and the Report was prepared in conformity with Federal Law *On Valuation Activities in the Russian Federation* and regulations based thereon;
- Our analyses, conclusions and the Report have been performed or developed in conformity with Russian mandatory Valuation Standards as approved by Decree No. 519 of the Russian Government *On Approval of Valuation Standards* of July 6, 2001. We also relied on International Valuation Standards (IVS) and the Methodology and Guidelines for Business and/or Asset Valuation of RAO UES of Russia, its subsidiaries and affiliates, as approved by the Board of Directors of RAO UES;

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions;
- Neither the Appraiser nor its employees have any financial interest in the Company's business. Our compensation is not contingent on the reported value or any subsequent actions or the occurrence of a subsequent event after the Valuation Date;
- This letter is prepared in three original copies, two for the Client and one for the Appraiser, and cannot be copied or otherwise reproduced.

Limiting conditions

1. This letter is purely informational and should not be treated as a valuation report or an opinion of value. While the letter contains all relevant descriptions, the users shall read our Valuation Report No. VAL-M82012/002 on market valuation of an ordinary share and a preferred share in RAO UES of Russia on minority basis to gain complete and correct understanding of the methodology, premises and assumptions, and valuation findings.
2. Provision of valuation recommendations and considerations of the issues described herein are areas of regular valuation practice for which we believe that we have, and represent ourselves to the public as having, substantial expertise. The services provided are limited to such expertise and do not represent audit or tax-related services that may otherwise be provided by the Appraiser.
3. We did not investigate the validity of the title of the Company (and its affiliates) to the property and property rights. No responsibility is assumed for the completeness of accounting records on property and property rights, including liens or encumbrances, which may exist against the property and property rights of the Company at the Valuation Date, or for legal matters related to the origination of such liens and encumbrances.
4. In the course of our analysis, Company management provided us with written information, oral information and/or data in electronic form related to the structure, operations and financial performance of the Company. We have relied upon this information in our analyses and in the preparation of this report. Although we used certain alternative sources – both within and outside the Company – to verify the obtained information, we do not share any liability for its accuracy and completeness with the management of the Company.
5. We have not performed an examination or compilation of the accompanying cash flow data in accordance with International Standards on Auditing. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
6. Certain investments into other entities and assets, the share of which in the total value of Company assets was immaterial, were valued under the net asset approach and on the basis of market valuation reports prepared by two firms: Otsenka-Credit and ABM Partner.
7. Our valuation findings reported in this letter assume full compliance with all applicable national, regional, local, land, environmental and other similar laws and regulations, unless it is expressly stated otherwise.
8. We assume no responsibility for any financial and tax reporting judgments of Company management. It is our understanding that the Client accepts responsibility for any financial statement and tax reporting issues with respect to the assets covered by our analysis and for the ultimate use of the Report.

9. We did not inspect the technical condition of Company assets. In our valuation engagement we assumed the absence of any hidden (not explicitly provided to us) fact that can affect the value of the subject property. We accept no liability for the omission of such facts should they be detected.
10. The value estimate contained herein is not intended to represent the value of the Company's invested capital at any time other than the effective date that is specifically stated in the Report. Changes in market conditions could result in recommendations of value substantially different than those presented at the Valuation Date. We assume no responsibility for changes in market conditions or for the inability of the shareholders to locate a purchaser and sell their property rights in the Company at the value stated therein.
11. Our assignment did not include separate valuation of companies or groups of companies owned by RAO UES. Accordingly, indications of value reported herein cannot be used to determine the value of various companies and sub-holdings of RAO UES.
12. In this assignment, the existence of potentially hazardous material or substances, such as the presence of toxic waste, etc., any of which may be present on the Company's properties, has not been considered in arriving at the opinion of value stated. The Appraiser is not qualified to detect such substances or ascertain the risks associated with them.
13. The letter has been prepared solely for the purpose stated and should not be used for any other purpose.

We understand that, in making decisions with respect to the Company's shares, the persons specified in Clause 1 above will not rely solely on our work, but would rather consider our findings as part of their overall analysis; therefore, our work will not supplant other inquiries, analyses and reviews which may need to be undertaken in the course of reaching business decisions regarding the Company and its shares.

Concluding remarks

We appreciate the opportunity to provide business valuation services to RAO UES of Russia. If you have any questions or require additional information, please contact Yegor Popov, Partner, Head of Russian Practice, at +7 (495) 787-0600.

Sincerely,

Deloitte & Touche

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