

Substantiation of the terms and manner of reorganisation of RAO UES of Russia and spun-off companies, contained in the resolution concerning the reorganisation of RAO UES of Russia and companies spun off from RAO UES of Russia and in takeover agreements

In accordance with the current Russian laws governing the manner of reformation of the electric power industry and the Concept of the Strategy of RAO UES of Russia for 2003-2008 "5+5" adopted by the Board of Directors of RAO UES of Russia, reorganisation of RAO UES of Russia shall be the final stage of the structural reform in the electric power industry.

The Board of Directors of RAO UES of Russia adopted a number of resolutions determining the scheme of reformation of RAO UES of Russia, providing for two stages of reorganisation of RAO UES of Russia (hereinafter also referred to as the "Company"):

- at the first stage, two "pilot" companies, OAO OGK-5 Holding and OAO TGK-5 Holding, are spun off from RAO UES of Russia, accompanied by their takeover by OAO OGK-5 and OAO TGK-5, respectively;
- at the second, final stage, RAO UES of Russia is reorganised through a spin-off of holding companies to which shares in the target energy companies are assigned in accordance with the separation balance sheet of the Company, accompanied by a takeover of some of them by the relevant target companies. Upon the completion of the spin-off arrangements, RAO UES of Russia is reorganised through a takeover by OAO FGC UES, with the result that RAO UES of Russia ceases to exist as an artificial person.

1 Completion of the first stage of reorganisation of RAO UES of Russia

The main objectives of the first stage of reorganisation included, among other things, development of a mechanism of reorganisation of RAO UES of Russia in the process of spin-off of two generating companies from RAO UES of Russia.

By the time of preparing the final stage of reorganisation, the spin-off of OAO OGK-5 and OAO TGK-5 was nearly completed: all necessary corporate resolutions of RAO UES of Russia, OAO OGK-5 and OAO TGK-5 were adopted. The completion of the first stage of reorganisation of RAO UES of Russia, with the result that shareholders of RAO UES of Russia receive shares in OAO OGK-5 and OAO TGK-5, is expected in the 3rd quarter of 2007.

Thereby, the objectives of the first stage of reorganisation will be achieved.

2 Objectives of the final stage of reorganisation of RAO UES of Russia

The objectives of the final stage of reorganisation are:

- observing the interests of all groups of shareholders of RAO UES of Russia by means of setting fair reorganisation terms;
- proportional distribution of all assets owned by RAO UES of Russia among shareholders of RAO UES of Russia;

- spin-off of target energy companies from RAO UES of Russia;
- ensuring a direct participation of the Russian Federation in the capital of OAO FGC UES and OAO SO- CDO for UES at the target level, at least 75% plus one share, and at least 50% plus 1 share in OAO HydroOGK;
- covering the investment deficiency in OAO FGC UES and OAO HydroOGK;
- completion of the structural reform and ensuring the completion of the transitional period of reformation of the electric power industry of the Russian Federation.

3 Methods of accomplishment of objectives of the final stage of reorganisation

In order to achieve the objectives, a scheme was developed, providing for a spin-off of the following groups of companies:

- holding companies: OAO Holding MRSK, OAO RAO Energy Systems of the East;
- OAO RAO UES INTER RAO Holding, accompanied by its takeover by OAO Sochinskaya TPP;
- state holding companies: OAO State Holding and OAO State Holding HydroOGK, accompanied by their takeover by target companies, OAO FGC UES and OAO HydroOGK, respectively;
- three special holding companies;
- minority holding companies of five OGKs and thirteen TGCs, FGC UES and HydroOGK, accompanied by their takeover by the relevant target companies.

Spin-off of holding companies OAO Holding MRSK, OAO RAO Energy Systems of the East

A spin-off of two holding companies, OAO Holding MRSK and OAO RAO Energy Systems of the East, is proposed, they will commence their operations upon the completion of the reorganisation of RAO UES of Russia.

OAO Holding MRSK will hold blocks of shares in interregional distribution network companies (hereinafter, MRSKs) and trunk grid companies (hereinafter, TGCs), currently owned by RAO UES of Russia, manage them and determine the strategy of development of the distribution network complex.

According to the separation balance sheet, in addition to shares in ITCs and TGCs, OAO Holding MRSK will be vested with assets and liabilities of RAO UES of Russia, related to operations of distribution network companies, and a part of non-core assets¹.

OAO RAO Energy Systems of the East will hold shares in energy companies of the integrated energy system (hereinafter, IES) of the East and isolated energy systems of the Far East.

¹ Including assets and liabilities arising in a period from the date of preparation of the separation balance sheet until the date of completion of reorganisation.

In accordance with the separation balance sheet of RAO UES of Russia, in addition to shares in the aforementioned companies, OAO RAO Energy Systems of the East will be vested with assets and liabilities of RAO UES of Russia in accordance with the territorial and functional principle, which are related to operations of energy companies of the Far East, and a part of non-core assets of RAO UES of Russia.

The structure of the authorised capital of OAO Holding MRSK and OAO RAO Energy Systems of the East will be identical to the relevant structure of the authorised capital of RAO UES of Russia. Shares in OAO Holding MRSK and OAO RAO Energy Systems of the East will be allocated among all shareholders of RAO UES of Russia, based on their share in the authorised capital of the Company. The Russian Federation will hold more than 50% of the shares in the companies.

Spin-off of OAO InterRAO Holding accompanied by a takeover by OAO Sochinskaya TPP

According to the separation balance sheet, OAO InterRAO Holding will hold blocks of shares in OAO Ivanovskiye CCGT, OAO North-West TPP, OAO Kaliningradskaya TPP-2, OAO Sochinskaya TPP, ZAO RAO UES INTERNATIONAL, assets and liabilities of RAO UES of Russia, related to operations of the said companies, in accordance with the territorial and functional principle, and related to a project of export of electricity to China, including but not limited to a part of receivables and rights related to construction in progress and other assets.

Shares in OAO InterRAO Holding will be allocated among all shareholders of RAO UES of Russia, based on their share in the authorised capital of the Company.

A takeover of OAO InterRAO Holding by OAO Sochinskaya TPP will accompany the spin-off. Further, some companies, shares in which will be transferred under the separation balance sheet to OAO InterRAO Holding upon its spin-off from RAO UES of Russia (namely, ZAO RAO UES INTERNATIONAL, OAO North-West TPP, OAO Kaliningradskaya TPP-2, OAO Ivanovskiye CCGT), will be taken over by OAO Sochinskaya TPP.

The takeover of OAO InterRAO Holding, ZAO RAO UES INTERNATIONAL, OAO North-West TPP, OAO Ivanovskiye CCGT and OAO Kaliningradskaya TPP-2 by OAO Sochinskaya TPP will provide for an opportunity of creation of a unified operating company on the basis of OAO Sochinskaya TPP, with direct participation of shareholders of RAO UES of Russia and shareholders of all target companies in its authorised capital. The newly established unified company will own the property complexes of the said companies and other assets referred in accordance with the separation balance sheet of RAO UES of Russia and succession rules of RAO UES of Russia to the balance sheet of spun-off OAO InterRAO Holding.

The takeover of all aforementioned companies by OAO Sochinskaya TPP will be performed on the terms approved by the General Meeting of Shareholders of RAO UES of Russia and general meetings of OAO Sochinskaya TPP, ZAO RAO UES INTERNATIONAL, OAO North-West TPP, OAO Ivanovskiye CCGT and OAO Kaliningradskaya TPP-2.

In doing so, control over the newly established unified company by the Russian Federation will be ensured.

As a result of the transformations, OAO Sochinskaya TPP will change its name to OAO RAO UES INTERNATIONAL.

The terms of takeover of the aforementioned companies by OAO Sochinskaya TPP, in particular, the ratios and manner of conversion of shares in the target companies into shares in OAO Sochinskaya TPP, will be determined within the framework of a multipartite takeover agreement signed by and between OAO InterRAO Holding, ZAO RAO UES INTERNATIONAL, OAO Ivanovskiye CCGT, OAO Kaliningradskaya TPP-2, OAO North-West TPP and OAO Sochinskaya TPP. The said takeover agreement shall be approved by the General Meeting of Shareholders of RAO UES of Russia and general meetings of shareholders of each of the target companies.

Spin-off of state holding companies accompanied by their takeover by target companies

For the purposes of increasing the share of participation of the Russian Federation in the authorised capital of OAO FGC UES and OAO HydroOGK and covering the investment deficiency in these companies, the following steps are proposed:

1. Contingent division of all assets of RAO UES of Russia, except for assets referred in accordance with the separation balance sheet of RAO UES of Russia to the balance sheet of OAO Holding MRSK, OAO RAO Energy Systems of the East, OAO InterRAO Holding, and to the balance sheet of the reorganised company, into a minority share (47.13095%) and state share (52.86905%), based on the share of the Russian Federation and other minority shareholders in the authorised capital of RAO UES of Russia, subject to an adjustment coefficient for preference shares, which is equal to 0.9158.
2. Allocation of the state share in assets of RAO UES of Russia, including but not limited to shares in thermal OGKs/TGKs, under the separation balance sheet to two companies: OAO State Holding and OAO State Holding HydroOGK, which are taken over by OAO FGC UES and OAO HydroOGK, respectively. The monetary funds from the sale of the relevant blocks of shares in thermal OGKs/TGKs, transferred to the balance sheets of OAO State Holding and OAO State Holding HydroOGK, will be used to finance investment programmes of OAO FGC UES and OAO HydroOGK.

Shares in the spun-off state holding companies will be allocated in favour of the Russian Federation and converted into shares in OAO FGC UES and OAO HydroOGK.

Spin-off of three special holding companies

For the purposes of securing the interests of minority shareholders of RAO UES of Russia in course of its reorganisation, the Board of Directors of RAO UES of Russia passed a resolution on 27.04.2007, providing for an opportunity of a spin-off of holding companies from RAO UES of Russia, so as to have shares in each of them allocated to a certain minority shareholder only.

The Board of Directors afforded an opportunity to minority shareholders of RAO UES of Russia to submit their proposals to the Company at a stated time in respect of establishment of special holding companies (hereinafter, Special Holding Companies) in course of reorganisation of the Company.

In case of acceptance of a proposal of a minority shareholder, assets (core assets, including but not limited to shares in OGKs/TGKs, OAO FGC UES and OAO HydroOGK, and non-core assets) of RAO UES of Russia shall be allocated to a Special Holding Company under the separation balance sheet to an amount corresponding to the share of participation of such

shareholder in the authorised capital of RAO UES of Russia, subject to an adjustment coefficient for preference shares, which is equal to 0.9158.

In this case, minority shareholders, in addition to the right to submit proposals concerning the establishment of Special Holding Companies, had an opportunity to submit their proposals concerning re-allocation of blocks of shares in the companies, referred to the balance sheet of the relevant Special Holding Company, to other special or state holding companies. Such re-allocation was performed on the basis of the market value of shares in the exchanged assets, used to estimate the ratios of conversion of shares in companies spun off upon the reorganisation of RAO UES of Russia into shares in the target companies.

Subject to a resolution of the Board of Directors of RAO UES of Russia, concerning such re-allocation, the separation balance sheet of the Company was prepared, which will be proposed for approval by the General Meeting of Shareholders of RAO UES of Russia as part of the item concerning the reorganisation of the Company through a spin-off.

Proposals concerning the establishment of Special Holding Companies were submitted by three shareholders: OOO Gas & Energy Company, OAO GMK Norilsk Nickel, MADAKE ENTERPRISES COMPANY LIMITED (hereinafter, Special Shareholders). All three proposals were accepted.

As a result, three Special Holding Companies will be spun off from RAO UES of Russia: OAO Centerenergyholding, OAO Intergeneration, OAO Sibenergyholding, shares in which will be allocated to OOO Gas & Energy Company, OAO GMK Norilsk Nickel and MADAKE ENTERPRISES COMPANY LIMITED, respectively.

The aforementioned minority shareholders of RAO UES of Russia will prevail in the structure of the authorised capital of the Special Holding Companies.

Spin-off of minority holding companies

A spin-off of 20 minority holding companies is proposed, accompanied by their takeover by the target companies, whereby the block of shares in the relevant target company (thermal OGKs and TGKs, OAO HydroOGK, OAO FGC UES), as well as a part of other assets of RAO UES of Russia will be referred, among other things, to the balance sheet of each of them in accordance with the separation balance sheet of RAO UES of Russia.

The amount of blocks of shares in the target companies (32.19515% of the blocks of shares in the companies owned by RAO UES of Russia), transferred under the separation balance sheet to minority holding companies, corresponds to the aggregate share of participation of minority shareholders (except for OOO Gas & Energy Company, OAO GMK Norilsk Nickel, MADAKE ENTERPRISES COMPANY LIMITED, if they participated in the voting on the reorganisation of RAO UES of Russia through a spin-off, voted "for" or abstained from the voting on this matter and did not reduce the number of their shares in RAO UES of Russia) in the authorised capital of RAO UES of Russia, subject to an adjustment coefficient for preference shares, which is equal to 0.9158.

Shares in each minority holding company are allocated to each minority shareholder of RAO UES of Russia (except for OOO Gas & Energy Company, OAO GMK Norilsk Nickel, MADAKE ENTERPRISES COMPANY LIMITED) in proportion to the number of its shares in RAO UES of Russia in the total number of shares in RAO UES of Russia, held by minority shareholders (except for OOO Gas & Energy Company, OAO GMK Norilsk Nickel, MADAKE ENTERPRISES COMPANY LIMITED).

Thereby, shares in the following companies will be allocated to minority shareholders of RAO UES of Russia:

- OAO Minority Holding FGC UES (accompanied by its takeover by OAO FGC UES), which in accordance with the separation balance sheet will receive a "minority" share in the block of shares in OAO FGC UES, main network companies, and non-core assets of RAO UES of Russia.
- OAO Minority Holding HydroOGK (accompanied by its takeover by OAO HydroOGK), which in accordance with the separation balance sheet will receive a "minority" share in the block of shares in OAO HydroOGK, core AO-HPPs, and non-core assets of RAO UES of Russia.
- OAO OGK-1 Holding, OAO OGK-2 Holding, OAO OGK-3 Holding, OAO OGK-4 Holding, OAO OGK-6 Holding, OAO TGK-1 Holding, OAO TGK-2 Holding, OAO Mosenergo Holding, OAO TGK-4 Holding, OAO TGK-6 Holding, OAO Voljskaya TGK Holding, OAO UGK TGK-8 Holding, OAO TGK-9 Holding, OAO TGK-10 Holding, OAO TGK-11 Holding, OAO Kuzbassenergo Holding, OAO Yeniseyskaya TGK Holding, OAO TGK-14 Holding, accompanied by their takeover, respectively, by OAO OGK-1, OAO OGK-2, OAO OGK-3, OAO OGK-4, OAO OGK-6, OAO TGK-1, OAO TGK-2, OAO Mosenergo, OAO TGK-4, OAO TGK-6, OAO Voljskaya TGK, OAO UGK TGK-8, OAO TGK-9, OAO TGK-10, OAO TGK-11, OAO Kuzbassenergo, OAO Yeniseyskaya TGK (TGK-13), OAO TGK-14. The minority holding companies of thermal OGKs/TGKs in accordance with the separation balance sheet will receive a "minority" share in the blocks of shares in the target thermal OGKs/TGKs, as well as non-core assets.

Upon the takeover of minority holding companies by target companies², shares in minority holding companies will be immediately converted into shares in the target companies on the basis of conversion ratios approved by the General Meeting of Shareholders of RAO UES of Russia and general meetings of shareholders of the target companies.

4 Takeover of RAO UES of Russia by OAO FGC UES

In accordance with the separation balance sheet, a part of assets will remain on the balance sheet of reorganised RAO UES of Russia, which are not related to technological operations of the target energy companies.

Upon the completion of the spin-off of all aforementioned holding companies, RAO UES of Russia shall be taken over by OAO FGC UES.

5 Takeover of main network companies and interregional main network companies by OAO FGC UES.

Subject to the adopted scheme of the second stage of reformation of RAO UES of Russia, providing for a takeover of OAO State Holding, OAO Minority Holding FGC UES and RAO UES of Russia by OAO FGC UES, the Board of Directors of RAO UES of Russia also approved the accompanying takeover of main network companies (MNCs) and interregional main network companies (IMNCs) by OAO FGC UES upon the reorganisation of RAO UES of Russia.

² In the case that shareholders of any target company do not pass a resolution concerning the takeover of minority holding companies spun off from RAO UES of Russia, the companies spun off from RAO UES of Russia will continue their existence as holding companies.

The takeover of MNCs and IMNCs by OAO FGC UES will provide for an opportunity, together with the completion of reformation of RAO UES of Russia, to consolidate the energy network complex of RAO UES of Russia, related to the Unified National (All-Russia) Electric Network (UNEN), in an integrated company for the UNEN management and development, OAO FGC UES, and will provide for an opportunity of direct investments of OAO FGC UES in development of regional main networks of MNCs, which were previously referred to the balance sheet of AO-Energo.

The takeover of MNCs and IMNCs by OAO FGC UES will be performed within the framework of reorganisation of OAO FGC UES through a takeover of OAO State Holding, OAO Minority Holding FGC UES, all MNCs, all IMNCs and RAO UES of Russia by OAO FGC UES.

The takeover of all aforementioned companies by OAO FGC UES will be performed on the terms approved by the General Meeting of Shareholders of RAO UES of Russia and general meetings of OAO FGC UES, MNCs and IMNCs.

The terms of takeover of RAO UES of Russia, MNCs and IMNCs by OAO FGC UES, in particular, the ratios and manner of conversion of shares in the target companies into shares in OAO FGC UES, are determined by a multipartite takeover agreement signed by and between RAO UES of Russia, OAO FGC UES, OAO State Holding, OAO Minority Holding FGC UES, MNCs and IMNCs. The said takeover agreement shall be approved by the General Meeting of Shareholders of RAO UES of Russia and general meetings of shareholders of each of the target companies.

6 Consolidation of OAO HydroOGK within the framework of reorganisation of RAO UES of Russia

The Board of Directors of RAO UES of Russia passed a resolution on 27.04.2007, concerning the approval of the scheme of consolidation of OAO HydroOGK by means of reorganisation of OAO HydroOGK through a takeover of the following companies by OAO HydroOGK:

- OAO State Holding HydroOGK;
- OAO Minority Holding HydroOGK;
- subsidiaries of OAO HydroOGK: OAO Bureyskaya HPP; OAO Voljskaya HPP; OAO Votkinskaya HPP; OAO Dagestan Regional Generation Company; OAO Zhigulyevskaya HPP; OAO Zagorskaya HPP; OAO Zeyskaya HPP; OAO Zelenchukskiye HPP; OAO Irganayskaya HPP; OAO Kabardino-Balkaria Hydrogeneration Company; OAO KabbalkHPP; OAO Kamskaya HPP; OAO Kaskad VV HPP; OAO Kaskad NChHPP; OAO Nizhegorodskaya HPP; OAO Saratovskaya HPP; OAO Severo-Osetinskaya HGC; OAO Stavropol Electric Generation Company; OAO Sulakenergo; OAO P. S. Neporozhny SShHPP; OAO Cheboksarskaya HPP; ZAO EOZ (hereinafter, Subsidiaries and Dependent Companies of OAO HydroOGK).

The takeover of Subsidiaries and Dependent Companies of OAO HydroOGK, OAO State Holding HydroOGK and OAO Minority Holding HydroOGK by OAO HydroOGK will provide for an opportunity to create a unified operating company, OAO HydroOGK, with direct participation of shareholders of RAO UES of Russia and shareholders of Subsidiaries and Dependent Companies of OAO HydroOGK in the authorised capital of the Company. In this

case, upon the completion of all transformations, the share of participation of the Russian Federation in the authorised capital of OAO HydroOGK will be at least 50% plus 1 share.

Reorganisation of OAO HydroOGK and all aforementioned target companies will be performed in stages:

- at the first stage, Subsidiaries and Dependent Companies of OAO HydroOGK will be reorganised through a takeover by OAO HydroOGK;
- at the second stage, OAO Irganayskaya HPP, OAO State Holding HydroOGK, OAO Minority Holding HydroOGK and the remaining Subsidiaries and Dependent Companies of OAO HydroOGK will be reorganised through a takeover by OAO HydroOGK.

The takeover of all companies by OAO HydroOGK will be performed on the terms approved by the General Meeting of Shareholders of RAO UES of Russia and general meetings of OAO HydroOGK and Subsidiaries and Dependent Companies of OAO HydroOGK.

The takeover terms, in particular, the ratios and manner of conversion of shares in the target companies into shares in OAO HydroOGK, are specified in the agreement of takeover of OAO State Holding HydroOGK, OAO Minority Holding HydroOGK, OAO Bureyskaya HPP; OAO Voljskaya HPP; OAO Votkinskaya HPP; OAO Dagestan Regional Generation Company; OAO Zhigulyevskaya HPP; OAO Zagorskaya HPP; OAO Zeyskaya HPP; OAO Zelenchukskiye HPP; OAO Irganayskaya HPP; OAO Kabardino-Balkaria Hydrogeneration Company; OAO KabbalkHPP; OAO Kamskaya HPP; OAO Kaskad VV HPP; OAO Kaskad NChHPP; OAO Nizhegorodskaya HPP; OAO Saratovskaya HPP; OAO Severo-Osetinskaya HGC; OAO Stavropol Electric Generation Company; OAO Sulakenergo; OAO P. S. Neporozhny SShHPP; OAO Cheboksarskaya HPP; ZAO EOZ by OAO HydroOGK. The takeover agreement shall also be approved by resolutions of managing bodies of the reorganised companies, as part of the reorganisation terms.

7 Guarantee of the rights of shareholders and creditors of RAO UES of Russia

The terms of reorganisation of RAO UES of Russia in accordance with the current laws of the Russian Federation guarantee the rights of creditors, as well as shareholders who voted against the resolution concerning the reorganisation of RAO UES of Russia or did not participate in the voting on the item of the agenda of the extraordinary General Meeting of Shareholders, concerning the reorganisation of RAO UES of Russia through a spin-off.

The rights of creditors of RAO UES of Russia upon the reorganisation of the Company is guaranteed by the Company's obligation to notify the creditors of the adoption of the resolution concerning the reorganisation and their right to request the termination or acceleration of fulfilment of obligations. The availability and manner of the exercising of the said right by creditors are determined in accordance with the Civil Code of the Russian Federation and Federal Law "On Joint Stock Companies".

Shareholders who voted against the resolution concerning the reorganisation or did not participate in the voting may request the redemption of their shares.

Shares shall be redeemed at a price fixed by the Board of Directors of RAO UES of Russia on the basis of a report prepared by ZAO Deloitte & Touche CIS in the manner specified by the Federal Law "On Joint Stock Companies". For the purposes of redemption, the Board of Directors of RAO UES of Russia fixed the price of one ordinary share in RAO UES of Russia at 32.15 roubles and one preference share in RAO UES of Russia at 29.44 roubles.

Shareholders of RAO UES of Russia, who voted against the resolution concerning the reorganisation of RAO UES of Russia through a spin-off or did not participate in the voting on the agenda item concerning the reorganisation of RAO UES of Russia through a spin-off and who have not requested the redemption of their shares in the Company, shall be entitled to shares in all companies spun off from RAO UES of Russia in proportion to the number of their shares in RAO UES of Russia, including but not limited to shares in the State Holding Companies and Special Holding Companies. Thereby, shares in minority holding companies will be allocated to the Russian Federation and each Special Shareholder, based on the number of shares allocated to such shareholders (who voted against the resolution concerning the reorganisation of RAO UES of Russia through a spin-off or did not participate in the voting), as a "compensation".

8 Disposal of shares in OAO SO-CDO for UES

It should be pointed out specifically that shares in OAO SO-CDO for UES will not be allocated to shareholders of RAO UES of Russia in course of such reorganisation.

Shares in OAO SO- CDO for UES will be transferred in accordance with the separation balance sheet of the Company to the balance sheet of OAO State Holding and Special Holding Companies in a quantity corresponding to the share of the Russian Federation and Special Shareholders, respectively, in the authorised capital of RAO UES of Russia.

The remaining shares in OAO SO- CDO for UES in a quantity not exceeding 25% minus 1 share (subject to the issue of additional shares in OAO SO- CDO for UES) shall be referred in equal parts to the balance sheets of the newly established OGK and T GK minority holding companies.

It is proposed that, in a period before the completion of the reorganisation, shares in OAO SO- CDO for UES, referred to the balance sheets of minority holding companies of thermal OGKs/T GKs, may be sold. In such case, in accordance with the "Rules of Allocation of Assets, Rights and Obligations in the Period of Reorganisation of RAO UES of Russia through a Spin-off, as well as Spin-off Accompanied by a Takeover" that form an integral part of the separation balance sheet of the Company, minority holding companies and, subsequently, target companies will receive monetary funds in the amount of the value of the block of shares in OAO SO- CDO for UES referred to the balance sheet of such minority holding company.

9 Conclusion

Thereby, all the objectives shall be achieved as a result of completion of the reorganisation:

- Shareholders of RAO UES of Russia will receive shares in the target companies by means of proportional distribution of assets with the observance of the interests of all groups of shareholders;
- OAO FGC UES and OAO HydroOGK will receive funds to cover the investment deficiency, the Russian Federation will obtain control over infrastructure and generation assets in accordance with the Federal Law "On Peculiarities of the Functioning of the Electric Power Industry in the Transitional Period and on Making Amendments..." and Federal Law "On the Electric Power Industry";
- The target energy companies will be separated from RAO UES of Russia;

- As a result of completion of the last stage of reorganisation of RAO UES of Russia, the transitional period of reformation of the electric power industry of the Russian Federation will end.

In addition, the liquidity of securities of the target energy companies will increase owing to a significant increase in the number of shareholders and increasing capitalisation of the companies as a result of additional issues, and instead of "blue chips", shares in RAO UES of Russia, the stock market will get liquid shares in two large energy companies: OAO FGC UES and OAO HydroOGK, which fully meets the interests of shareholders of RAO UES of Russia.

Each shareholder of RAO UES of Russia (except for the Russian Federation, OOO Gas & Energy Company, OAO GMK Norilsk Nickel and MADAKE ENTERPRISES COMPANY LIMITED), if he voted "for" or abstained from the voting on the item concerning the reorganisation of RAO UES of Russia through a spin-off, may receive the following number of shares in each of the following target companies³:

- 1) for one ordinary share held by him in RAO UES of Russia
 - 1 ordinary share in OAO Holding MRSK;
 - 1 ordinary share in OAO RAO Energy Systems of the East;
 - 10.1056041051790000 ordinary shares in OAO FGC UES;
 - 3.4531683396016400 ordinary shares in OAO HydroOGK;
 - 0.9620205574069320 ordinary shares in OAO OGK-1;
 - 0.5008006166421850 ordinary shares in OAO OGK-2;
 - 0.4114097481764260 ordinary shares in OAO OGK-3;
 - 1.0273778717938000 ordinary shares in OAO OGK-4;
 - 0.5836484771577890 ordinary shares in OAO OGK-6;
 - 38.2331857890853000 ordinary shares in OAO TGK-1;
 - 12.9828789875932000 ordinary shares in OAO TGK-2;
 - 0.3359840017950100 ordinary shares in OAO Mosenergo;
 - 15.8654792945781000 ordinary shares in OAO TGK-4;
 - 15.3258994310428000 ordinary shares in OAO TGK-6;
 - 0.3344068074269590 ordinary shares in OAO Voljskaya TGK;
 - 17.2624772854249000 ordinary shares in OAO UGK TGK-8;
 - 67.3347215511992000 ordinary shares in OAO TGK-9;

³ Estimated with an accuracy to the sixteenth decimal digit.

- 1.4709712305639300 ordinary shares in OAO TGK-10 (the value is specified subject to the splitting of shares in OAO TGK-10 by means of decreasing the par value of one ordinary share in OAO TGK-10 from 1.66 (one point sixty six) roubles to 0.01 (one-hundredth) roubles, without the splitting: 0.0088612724541053);
- 6.1863639563592800 ordinary shares in OAO TGK-11;
- 0.6991042495845980 ordinary shares in OAO Kuzbassenergo (the value is specified subject to the splitting of shares in OAO Kuzbassenergo by means of decreasing the par value of one ordinary share in OAO Kuzbassenergo c 1.00 (one) rouble to 0.01 (one-hundredth) roubles, without the splitting: 0.0069910424958460);
- 1.7232742022754400 ordinary shares in OAO Yeniseyskaya TGK (the value is specified subject to the splitting of shares in OAO Yeniseyskaya TGK (TGK-13) by means of decreasing the par value of one ordinary share in OAO Yeniseyskaya TGK (TGK-13) from 226.42 (two hundred and twenty six point forty two) to 0.01 (one-hundredth) roubles, without the splitting: 0.0000761096282252);
- 9.7136226718400300 ordinary shares in OAO TGK-14;
- 41.8643489213398000 ordinary shares in OAO Sochinskaya TPP (the value is specified subject to the splitting of shares in OAO Sochinskaya TPP by means of decreasing the par value of one ordinary share in OAO Sochinskaya TPP from 1,000 (one thousand) roubles to 0.1 (one-tenth) roubles, without the splitting: 0.0041864348921340).

2) for one preference share held by him in RAO UES of Russia:

- 1 preference share in OAO Holding MRSK;
- 1 preference share in OAO RAO Energy Systems of the East;
- 9.2547122395228300 ordinary shares in OAO FGC UES;
- 3.1624115654071800 ordinary shares in OAO HydroOGK;
- 0.8810184264732720 ordinary shares in OAO OGK-1;
- 0.4586332047209130 ordinary shares in OAO OGK-2;
- 0.3767690473799700 ordinary shares in OAO OGK-3;
- 0.9408726549887700 ordinary shares in OAO OGK-4;
- 0.5345052753810990 ordinary shares in OAO OGK-6;
- 35.0139515456442000 ordinary shares in OAO TGK-1;
- 11.8897205768378000 ordinary shares in OAO TGK-2;
- 0.3076941488438700 ordinary shares in OAO Mosenergo;
- 14.5296059379746000 ordinary shares in OAO TGK-4;
- 14.0354586989490000 ordinary shares in OAO TGK-6;

- 0.3062497542416090 ordinary shares in OAO Voljskaya TGK;
- 15.8089766979922000 ordinary shares in OAO UGK TGK-8;
- 61.6651379965883000 ordinary shares in OAO TGK-9;
- 1.3471154529504400 ordinary shares in OAO TGK-10 (the value is specified subject to the splitting of shares in OAO TGK-10 by means of decreasing the par value of one ordinary share in OAO TGK-10 from 1.66 (one point sixty six) roubles to 0.01 (one-hundredth) roubles, without the splitting: 0.0081151533134697);
- 5.6654721112338500 ordinary shares in OAO TGK-11;
- 0.6402396717695780 ordinary shares in OAO Kuzbassenergo (the value is specified subject to the splitting of shares in OAO Kuzbassenergo by means of decreasing the par value of one ordinary share in OAO Kuzbassenergo from 1.00 (one) rouble to 0.01 (one-hundredth) roubles, without the splitting: 0.0064023967176958);
- 1.5781745144438500 ordinary shares in OAO Yeniseyskaya TGK (the value is specified subject to the splitting of shares in OAO Yeniseyskaya TGK (TGK-13) by means of decreasing the par value of one ordinary share in OAO Yeniseyskaya TGK (TGK-13) from 226.42 (two hundred and twenty six point forty two) to 0.01 (one-hundredth) roubles, without the splitting: 0.0000697011975287);
- 8.8957356428711100 ordinary shares in OAO TGK-14;
- 38.3393707421631000 ordinary shares in OAO Sochinskaya TPP (the value is specified subject to the splitting of shares in OAO Sochinskaya TPP by means of decreasing the par value of one ordinary share in OAO Sochinskaya TPP from 1,000 (one thousand) roubles to 0.1 (one-tenth) roubles, without the splitting: 0.0038339370742163).

In the case that a shareholder of RAO UES of Russia voted "negative" or did not participate in the voting on the matter concerning the reorganisation of RAO UES of Russia through a spin-off, he may receive the following number of shares in each of the following target companies⁴:

- 1) for one ordinary share held by him in RAO UES of Russia
 - 1 ordinary share in OAO Holding MRSK;
 - 1 ordinary share in OAO RAO Energy Systems of the East;
 - 22.7734299924221000 ordinary shares in OAO FGC UES;
 - 4.5042344361292300 ordinary shares in OAO HydroOGK;
 - 0.3111680046437920 ordinary shares in OAO OGK-1;
 - 0.1619852376387550 ordinary shares in OAO OGK-2;

⁴ Without taking into account the rounding of the number of shares in the companies established in course of reorganisation of RAO UES of Russia through a spin-off, allocated to a shareholder of RAO UES of Russia, if he voted against the resolution concerning the reorganisation of RAO UES of Russia through a spin-off or did not participate in the voting. Estimated with an accuracy to the sixteenth decimal digit.

- 0.1330715330825430 ordinary shares in OAO OGK-3;
- 0.3323079947927110 ordinary shares in OAO OGK-4;
- 0.1887825895738680 ordinary shares in OAO OGK-6;
- 12.3666215254615000 ordinary shares in OAO TGK-1;
- 4. 1993453445427100 ordinary shares in OAO TGK-2;
- 0. 1086748829074820 ordinary shares in OAO Mosenergo;
- 5.1317297710541400 ordinary shares in OAO TGK-4;
- 4.9572012870321500 ordinary shares in OAO TGK-6;
- 0.1081647353636870 ordinary shares in OAO Voljskaya TGK;
- 5.5835923367304100 ordinary shares in OAO UGK TGK-8;
- 21.7795875431269000 ordinary shares in OAO TGK-9;
- 0.4757893988635290 ordinary shares in OAO TGK-10 (the value is specified subject to the splitting of shares in OAO TGK-10 by means of decreasing the par value of one ordinary share in OAO TGK-10 from 1.66 (one point sixty six) roubles to 0.01 (one-hundredth) roubles, without the splitting: 0.0028662011917720);
- 2.0009952110475800 ordinary shares in OAO TGK-11;
- 0.2261270538413420 ordinary shares in OAO Kuzbassenergo (the value is specified subject to the splitting of shares in OAO Kuzbassenergo by means of decreasing the par value of one ordinary share in OAO Kuzbassenergo from 1.00 (one) rouble to 0.01 (one-hundredth) roubles, without the splitting: 0.0022612705384134);
- 0.5573974390126760 ordinary shares in OAO Yeniseyskaya TGK (the value is specified subject to the splitting of shares in OAO Yeniseyskaya TGK (TGK-13) by means of decreasing the par value of one ordinary share in OAO Yeniseyskaya TGK (TGK-13) from 226.42 (two hundred and twenty six point forty two) to 0.01 (one-hundredth) roubles, without the splitting: 0.0000246178535029);
- 3.1418960451389000 ordinary shares in OAO TGK-14;
- 41.8643489213398000 ordinary shares in OAO Sochinskaya TPP (the value is specified subject to the splitting of shares in OAO Sochinskaya TPP by means of decreasing the par value of one ordinary share in OAO Sochinskaya TPP from 1,000 (one thousand) roubles to 0.1 (one-tenth) roubles, without the splitting: 0.0041864348921340);
- 1.0489944190557900 ordinary shares in OAO Centerenergyholding;
- 0.9662481705706150 ordinary shares in OAO Sibenergyholding;
- 3.5168944927650000 ordinary shares in OAO Intergeneration.

2) for one preference share held by him in RAO UES of Russia:

- 1 preference share in OAO Holding MRSK;
- 1 preference share in OAO RAO Energy Systems of the East;
- 20.8559071870602000 ordinary shares in OAO FGC UES;
- 4.1249778966071600 ordinary shares in OAO HydroOGK;
- 0.2849676586527860 ordinary shares in OAO OGK-1;
- 0.1483460806295720 ordinary shares in OAO OGK-2;
- 0.1218669099969930 ordinary shares in OAO OGK-3;
- 0.3043276616311660 ordinary shares in OAO OGK-4;
- 0.1728870955317470 ordinary shares in OAO OGK-6;
- 11.3253519930176000 ordinary shares in OAO TGK-1;
- 3.8457604665322100 ordinary shares in OAO TGK-2;
- 0.0995244577666725 ordinary shares in OAO Mosenergo;
- 4.6996381243313700 ordinary shares in OAO TGK-4;
- 4.5398049386640400 ordinary shares in OAO TGK-6;
- 0.0990572646460649 ordinary shares in OAO Voljskaya TGK;
- 5.1134538619777100 ordinary shares in OAO UGK TGK-8;
- 19.9457462719956000 ordinary shares in OAO TGK-9;
- 0.4357279314792190 ordinary shares in OAO TGK-10 (the value is specified subject to the splitting of shares in OAO TGK-10 by means of decreasing the par value of one ordinary share in OAO TGK-10 from 1.66 (one point sixty six) roubles to 0.01 (one-hundredth) roubles, without the splitting: 0.0026248670514248);
- 1.8325114142773800 ordinary shares in OAO TGK-11;
- 0.2070871559079020 ordinary shares in OAO Kuzbassenergo (the value is specified subject to the splitting of shares in OAO Kuzbassenergo by means of decreasing the par value of one ordinary share in OAO Kuzbassenergo from 1.00 (one) rouble to 0.01 (one-hundredth) roubles, without the splitting: 0.0020708715590790);
- 0.5104645746478100 ordinary shares in OAO Yeniseyskaya TGK (the value is specified subject to the splitting of shares in OAO Yeniseyskaya TGK (TGK-13) by means of decreasing the par value of one ordinary share in OAO Yeniseyskaya TGK (TGK-13) from 226.42 (two hundred and twenty six point forty two) to 0.01 (one-hundredth) roubles, without the splitting: 0.0000225450302380);
- 2.8773483981382100 ordinary shares in OAO TGK-14.

- 38.3393707421631000 ordinary shares in OAO Sochinskaya TPP (the value is specified subject to the splitting of shares in OAO Sochinskaya TPP by means of decreasing the par value of one ordinary share in OAO Sochinskaya TPP from 1,000 (one thousand) roubles to 0.1 (one-tenth) roubles, without the splitting: 0.0038339370742163);
- 1.0489944190557900 preference shares in OAO Centerenergyholding;
- 0.9662481705706150 preference shares in OAO Sibenergyholding;
- 3.5168944927650000 preference shares in OAO Intergeneration.

Where, in estimating the number of shares in each of the target companies, which is due to a shareholder as a result of conversion upon the takeover of a holding company established in course of reorganisation of RAO UES of Russia through a spin-off by the relevant target company, the estimated number of shares due to any shareholder is fractional, the fractional part of the number of shares shall be rounded in accordance with the following rule:

- if the digit immediately after the dot is 5 to 9, inclusive, one shall be added to the integral number and no numbers after the dot shall be taken into account;
- if the digit immediately after the dot is 0 to 4, inclusive, the integral number only shall be taken into account and no numbers after the dot shall be taken into account;
- if, as a result of the rounding, no shares are due to any shareholder, such shareholder shall receive one share in the relevant target company.

The reorganisation of RAO UES of Russia will be performed in accordance with laws and regulations of the Russian Federation, in particular: the Civil Code of the Russian Federation, Federal Law "On Joint Stock Companies", Federal Law "On the Electric Power Industry", Federal Law "On Peculiarities of the Functioning of the Electric Power Industry in the Transitional Period and on Making Amendments...", Federal Law "On State Registration of Artificial Persons", Federal Law "On Natural Monopolies", Federal Law "On the Securities Market", and other laws and regulations.

As a resolution concerning the reorganisation of the Company is referred to the authority of the General Meeting of Shareholders of the Company, a proposal is submitted to the General Meeting of Shareholders of RAO UES of Russia to adopt a relevant resolution concerning the reorganisation of RAO UES of Russia through a spin-off of ***OAO State Holding, OAO State Holding HydroOGK, OAO Minority Holding FGC UES, OAO Minority Holding HydroOGK, OAO OGK-1 Holding, OAO OGK-2 Holding, OAO OGK-3 Holding, OAO OGK-4 Holding, OAO OGK-6 Holding, OAO TKG-1 Holding, OAO TKG-2 Holding, OAO Mosenergo Holding, OAO TKG-4 Holding, OAO TKG-6 Holding, OAO Voljskaya TKG Holding, OAO UGK TKG-8 Holding, OAO TKG-9 Holding, OAO TKG-10 Holding, OAO TKG-11 Holding, OAO Kuzbassenergo Holding, OAO Yeniseyskaya TKG Holding, OAO TKG-14 Holding, OAO RAO UES INTERNATIONAL Holding, OAO Holding MRSK, OAO RAO Energy Systems of the East, OAO Centerenergyholding, OAO Intergeneration, OAO Sibenergyholding***, and, as a separate item, a resolution concerning the reorganisation of RAO UES of Russia through a takeover by ***OAO FGC UES***.

In accordance with provisions of the Federal Law "On Joint Stock Companies", the adoption of a resolution concerning the reorganisation through a takeover of holding companies spun off from RAO UES of Russia by the relevant target companies is also referred to the authority of the General Meeting of Shareholders of RAO UES of Russia. Therefore, a proposal is submitted to the General Meeting of Shareholders of the Company to adopt a resolution concerning the reorganisation of the following companies through a takeover of:

- ***OAO State Holding by OAO FGC UES;***

- *OAo State Holding HydroOGK by OAo HydroOGK;*
- *OAo Minority Holding FGC UES by OAo FGC UES;*
- *OAo Minority Holding HydroOGK by OAo FGC UES;*
- *OAo OGK-1 Holding by OAo OGK-1;*
- *OAo OGK-2 Holding by OAo OGK-2;*
- *OAo OGK-3 Holding by OAo OGK-3;*
- *OAo OGK-4 Holding by OAo OGK-4;*
- *OAo OGK-6 Holding by OAo OGK-6;*
- *OAo TgK-1 Holding by OAo TgK-1;*
- *OAo TgK-2 Holding by OAo TgK-2;*
- *OAo Mosenergo Holding by OAo Mosenergo;*
- *OAo TgK-4 Holding by OAo TgK-4;*
- *OAo TgK-6 Holding by OAo TgK-6;*
- *OAo Voljskaya TgK Holding by OAo Voljskaya TgK;*
- *OAo UGK TgK-8 Holding by OAo UGK TgK-8;*
- *OAo TgK-9 Holding by OAo TgK-9;*
- *OAo TgK-10 Holding by OAo TgK-10;*
- *OAo TgK-11 Holding by OAo TgK-11;*
- *OAo Kuzbassenergo Holding by OAo Kuzbassenergo;*
- *OAo Yeniseyskaya TgK Holding by OAo Yeniseyskaya TgK;*
- *OAo TgK-14 Holding by OAo TgK-14;*
- *OAo InterRAO Holding by OAo Sochinskaya TPP.*

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