

**RUSSIAN OPEN JOINT STOCK COMPANY
OF ENERGY AND ELECTRIFICATION
«UES of RUSSIA»**

**AUDIT REPORT
ON STATUTORY FINANCIAL (ACCOUNTING) REPORTS
2007**

[Translation from Russian original]

AUDIT REPORT
on Statutory financial (accounting) reports

To the shareholders of the Russian Open Joint Stock Company of Energy and Electrification «UES of Russia:

Auditor

ZAO PricewaterhouseCoopers Audit

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

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

Audit license № E000376 issued by the Ministry of Finance of the Russian Federation on 20 May 2002. The license is valid until 20 May 2012.

Member of the Institute of Professional Accountants and Auditors of Russia and of the Audit Chamber of Russia

Client

Russian Open Joint Stock Company of Energy and Electrification «UES of Russia»
(short name – RAO «UES of Russia»).

Russian Federation, Moscow, Prospect Vernadskogo, 101, bld. 3.

State registration certificate № 020.863, issued by Moscow city registration chamber on 31 December 1992.

TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditor's report is provided as a free translation from Russian, which is the official and binding version. This English translation does not contain the English translation of the explanatory notes, which is included in the official Russian version of the auditor's report.

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Certificate on entry of a legal entity, registered before 1 July 2002, into the Unified State Register of legal entities, serial № 1027700043293, issued by the Inspectorate of the RF Ministry of Taxes and Levies of Moscow on 19 July 2002.

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on Statutory financial (accounting) reports of the Russian open joint stock company of Energy and Electrification «UES of Russia»

To the shareholders of the Russian open joint stock company of Energy and Electrification «UES of Russia»:

- 1 We have audited the attached Statutory financial (accounting) reports of the Russian open joint stock company of Energy and Electrification «UES of Russia» (hereinafter – the Company) for the period from 1 January up to 31 December 2007. Statutory financial (accounting) reports of the Company consist of Balance Sheet, Profit and Loss Account, Flow of Equity and Funds Report, Cash Flow Statement, Supplement to the Balance Sheet, Explanatory Notes (hereinafter all the reports together are called “Statutory financial (accounting) reports”). The Statutory financial (accounting) reports were prepared by the management of the Company in accordance with the legislation of Russian Federation applicable to Statutory financial (accounting) reports. Such Statutory financial (accounting) reports differ to a significant extent from those prepared in accordance with International Financial Reporting Standards.
- 2 Preparation of the Statutory financial (accounting) reports is the responsibility of management of the Company. Our responsibility as auditors is to express our opinion in all material respects on these Statutory financial (accounting) reports and on whether the accounting is conducted in accordance with the Russian legislation based on our audit.
- 3 We conducted our audit in accordance with The Federal Law “On auditing activity”, Federal Auditing Standards, International Standards on Auditing and our internal standards.

Our audit was planned and performed to obtain reasonable assurance about whether the Statutory financial (accounting) reports are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statutory financial

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(accounting) reports, assessing compliance with accounting principles, techniques and rules of Statutory financial (accounting) reports preparation, evaluating significant estimates made by the management of the Company and the overall Statutory financial (accounting) reports presentation. We believe that our audit provides a reasonable basis for our opinion on these Statutory financial (accounting) reports and on whether the accounting is conducted in accordance with the Russian legislation.

- 4 In our opinion, the Statutory financial (accounting) reports of the Company attached to this report have been properly prepared to present, in all material respects, the financial position of the Company as at 31 December 2007 and financial results of its operations for the period from 1 January up to 31 December 2007 in accordance with the legislation of Russian Federation applicable for Statutory financial (accounting) reports.
- 5 Without qualifying our opinion, we draw your attention to Note 1 to the Statutory financial (accounting) reports of the Company. Final reorganization of the Company, completion of all structural transformations, carve-out of all related companies and disestablishment of the company will take place before 1 July 2008.

31 March 2008

Director of ZAO

D. Gray

Statutory auditor
Certificate No K 013014
for general audit (termless)

V.Y. Sokolov

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