MOSENERGO

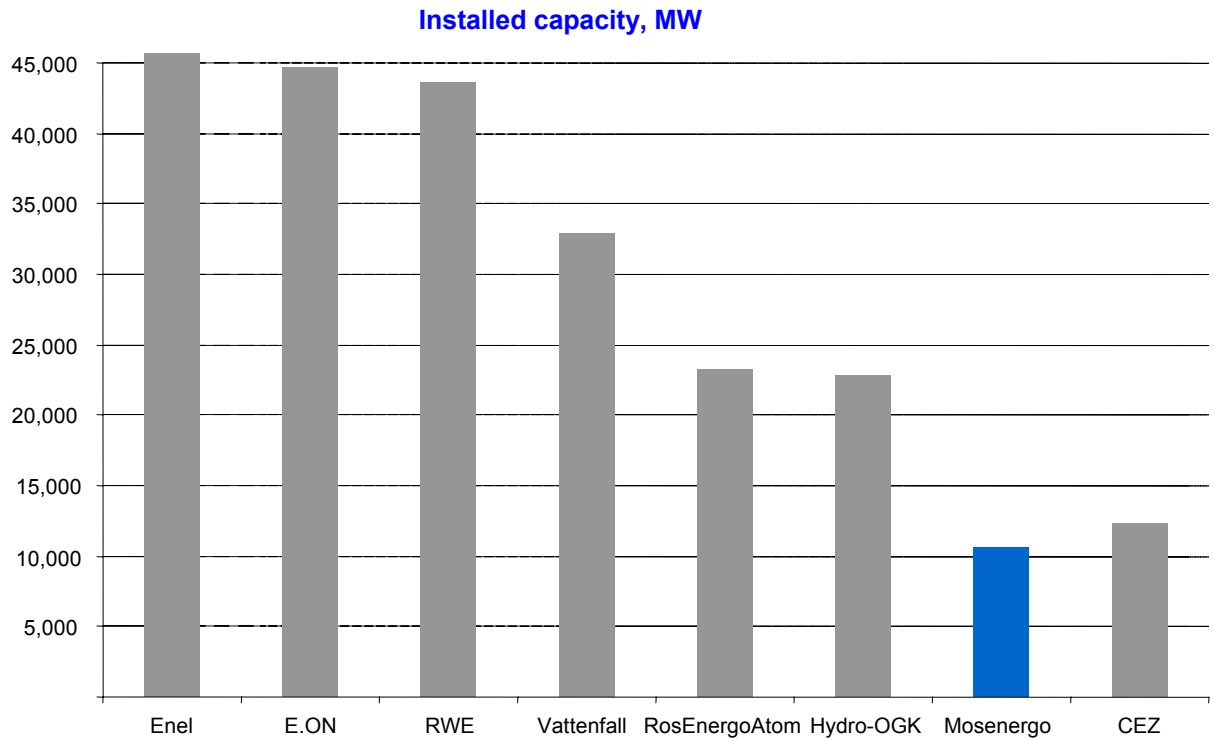
REGIONAL GENERATING COMPANY

MOSENERGO – THE BIGGEST REGIONAL GENERATING COMPANY (TGK)

MOSENERGO – THE BIGGEST REGIONAL GENERATING COMPANY IN RUSSIA

As of today Mosenergo:

- **is the biggest thermal TGK in Russia with installed capacity of 10.6 GW comprising 17 power stations**
- **is the world biggest heat producer with installed capacity of 34,200 Gcalh (39.8 MW)**
- **supplies 65% of electricity in Moscow region (70% of heat consumption in Moscow)**
- **operates in the most dynamic electricity market in Russia with expected 5% annual consumption growth**
- **has significant cost reduction potential through economy of scale**



	Mosenergo	Russia	Share, %
Installed electric capacity, GW	10,6	212	5%
Electricity output, bn kW	64,8	952	7%
Heat output, mn Gcal	70,7	1 178	6%

FRANCHISE AREA

Mosenergo supplies electricity and heat to Moscow and Moscow region consumers:

- **The area of the region is 47,000 km^2**
- **The population of the region is 16 mn people**

	Moscow	Moscow region
GDP, 2004, bn US$	102.4	20.31
y-o-y change, %	7.1%	12.1%
Industrial production, bn US$	16.52	13.19
Budget revenues, bn US$	13.64	2.08

MOSENERGO – THE BIGGEST REGIONAL GENERATING COMPANY IN RUSSIA

Mosenergo: before the reform

Power generation:

- Mosenergo

- GRES-4 (OGK-1)
- GRES -5 (OGK-4)
- GRES -24 (OGK-6)
- Zagorskaya GAES (Hydro-OGK)

Transmission:

- Moscow Region Electricity Network Company
- Moscow City Electricity Network Company
- Trunk Grid Company

Heat Distribution:

- Moscow Heating Network Company

- Energy Management Company

Supply:

- Mosenergosbyt Supply Company

Mosenergo: after the reform

OAO Mosenergo:

- GES-1
- GRES-3
- CHP-6
- CHP-8
- CHP-9
- CHP-11
- CHP-12
- CHP-16
- CHP-17
- CHP-20
- CHP-21
- CHP-22
- CHP-23
- CHP-25
- CHP-26
- CHP-27
- CHP-28

Installed capacity – 10.6 ГВт

MOSENERGO: FACTORS OF INVESTMENT ATTRACTIVENESS

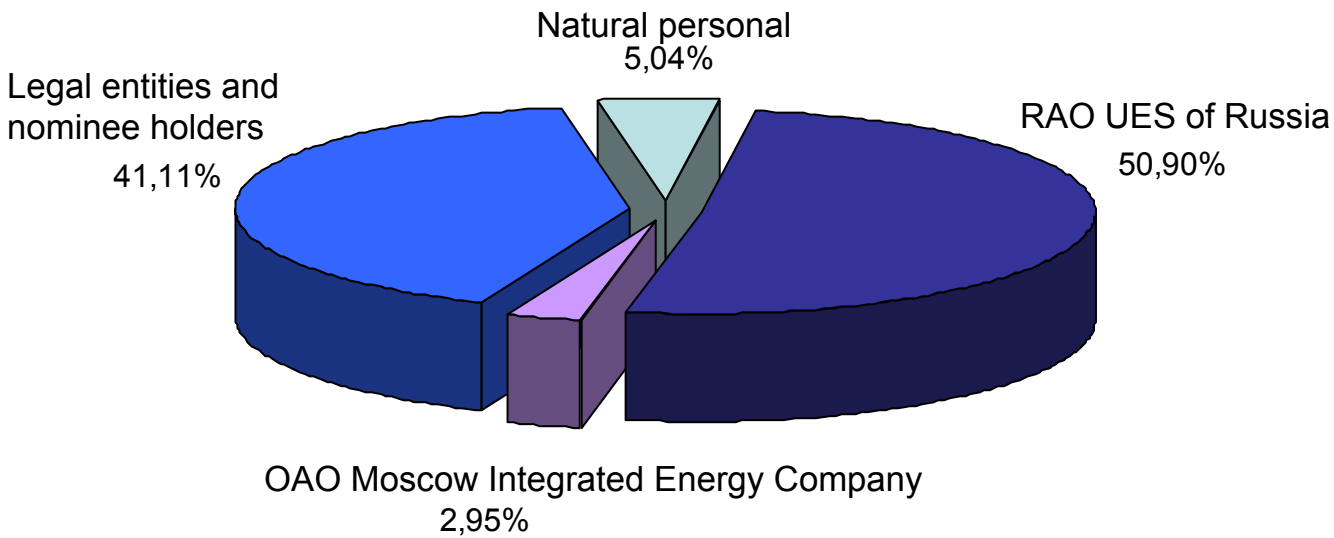
- **Advantageous geographic location in developed and strategically important area – Moscow (S&P – BBB) and Moscow region (S&P – BB-)**
- **Electric power shortage in Moscow region combined with infrastructure limitations for transmission of electricity from other regions is a cornerstone of Mosenergo's stability and profitability**
- **Guaranteed consumption of heat due to the structure of heat distribution system in Moscow**
- **Low electricity and heat production costs due to co-generation of both types of power**
- **Potential State support in case of force-majeur**
- **Representative shareholder base**
- **High investment attractiveness: serves as a benchmark for all Russian power utilities, shows maximal transparency, meets foreign and domestic listing standards**
- **Active ADR program and potential increase of foreign ownership**

SOUND FINANCIAL TRACK RECORD

Depository receipts	**First Russian company to issue ADR in 1995**
Foreign loans	**Loans from EBRD and IFC:** **1998 - US$50 mn (mature in 2009), current debt at US$19.67 mn** **2002 - US$70 mn (mature in 2007) , current debt at US$31.49 mn** **2005 - US$250 mn credit line, mature in 2018**
Eurobonds	**1997 - 5-year US$200 mn eurobond issue (redeemed)**
International credit rating	**Standard & Poor's credit rating : B-/Positive**
Statements in accordance with international standards	**Financial statements:** **US GAAP from 1995 to 2001** **IAS from 2002**

SHAREHOLDER STRUCTURE

- **Charter capital - 28.3 bn rubles**
- **Total shares issued - 28.3 bn**
- **Total number of shareholders - exceeds 20 000**
- **Market capitalization (March 2006) - US$5 bn**



PROFESSIONAL MANAGEMENT

Mosenergo's Management Board consists of experienced energy specialists who have worked many years both in regional subsidiaries and RAO UES

Mosenergo's management directly participated in the constructing and commissioning power stations (CHP-27 and North-Eastern CHP), as well as in developing programs for efficiency enhancement, cost optimization, increasing asset (thermal power stations) longevity, and RAO UES restructuring.

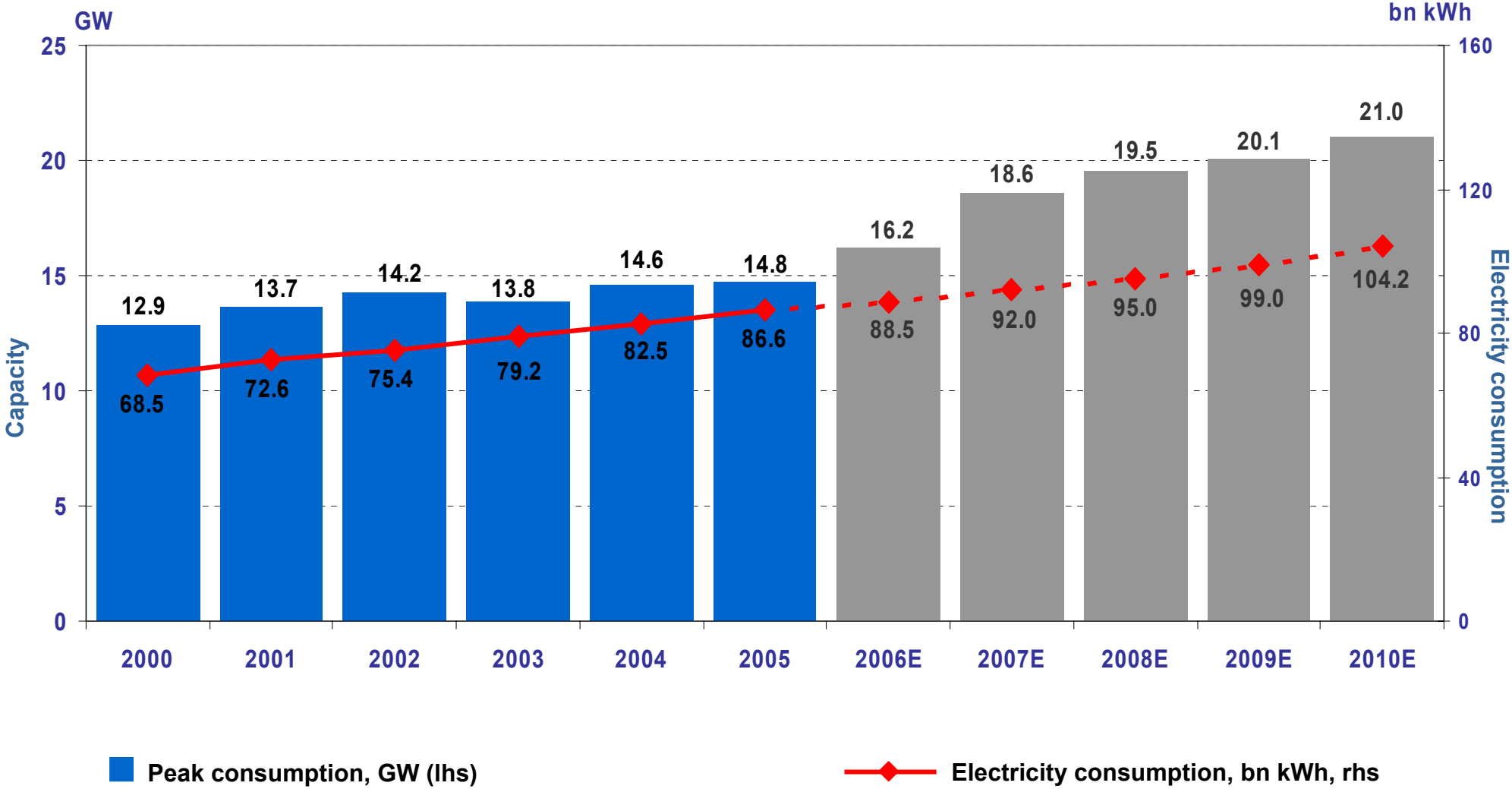
General Director

Anatoly Y. Kopsov, b. 1942, Ph.D, Professor – professional energy specialist with more than 40-year experience in the power sector

In 1996 - 2004 – Chairman of the Board of Directors

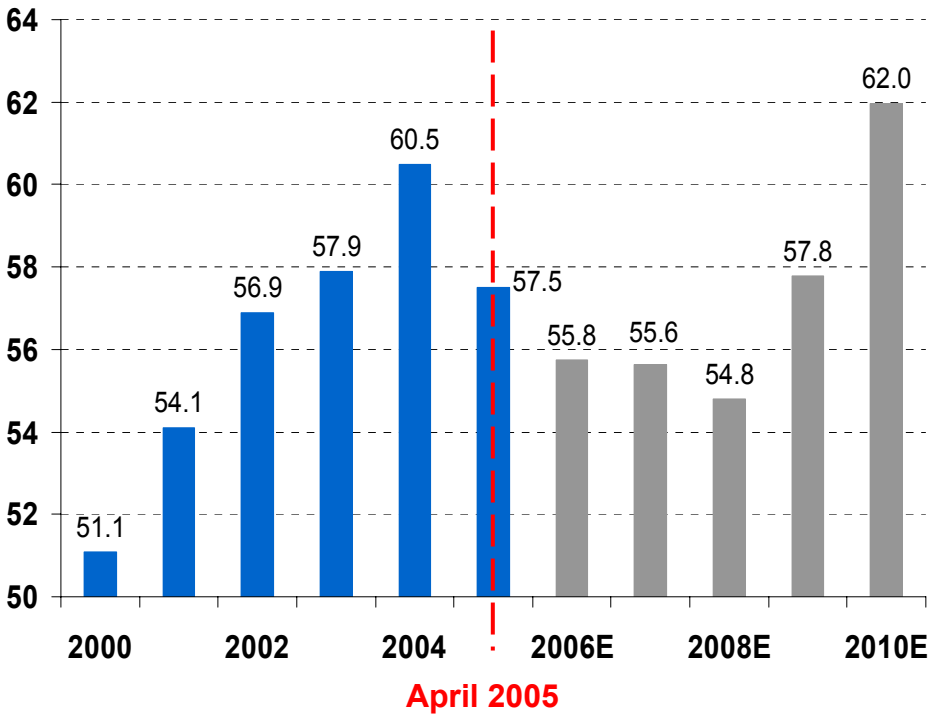
PRODUCTION AND FINANCIAL DATA

ELECTRICITY CONSUMPTION AND PRODUCTION CAPACITY IN MOSCOW REGION

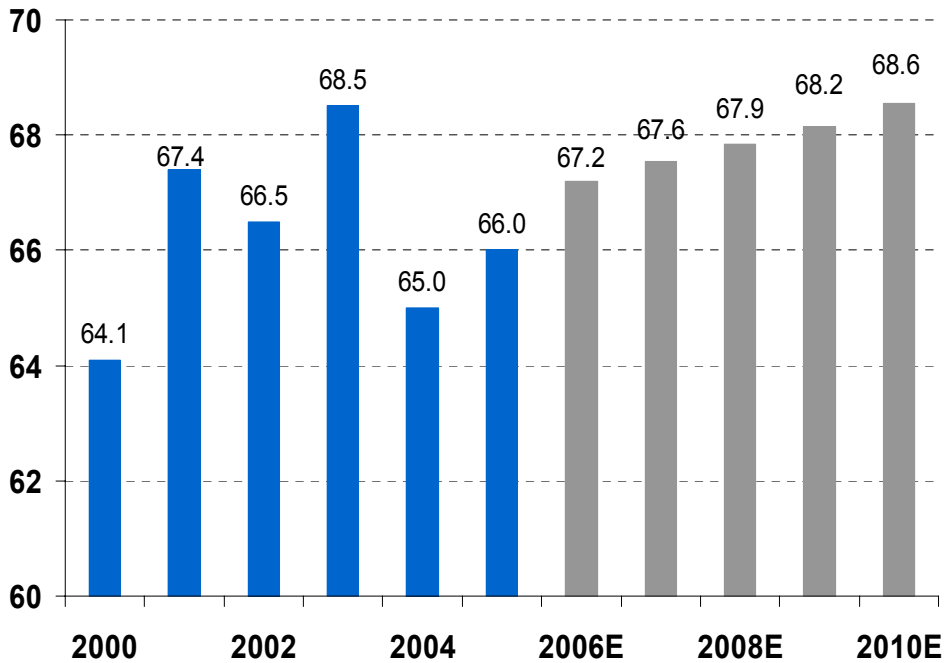


ELECTRICITY AND HEAT SUPPLY

Electricity, bn kWh



Heat, mn Gcal

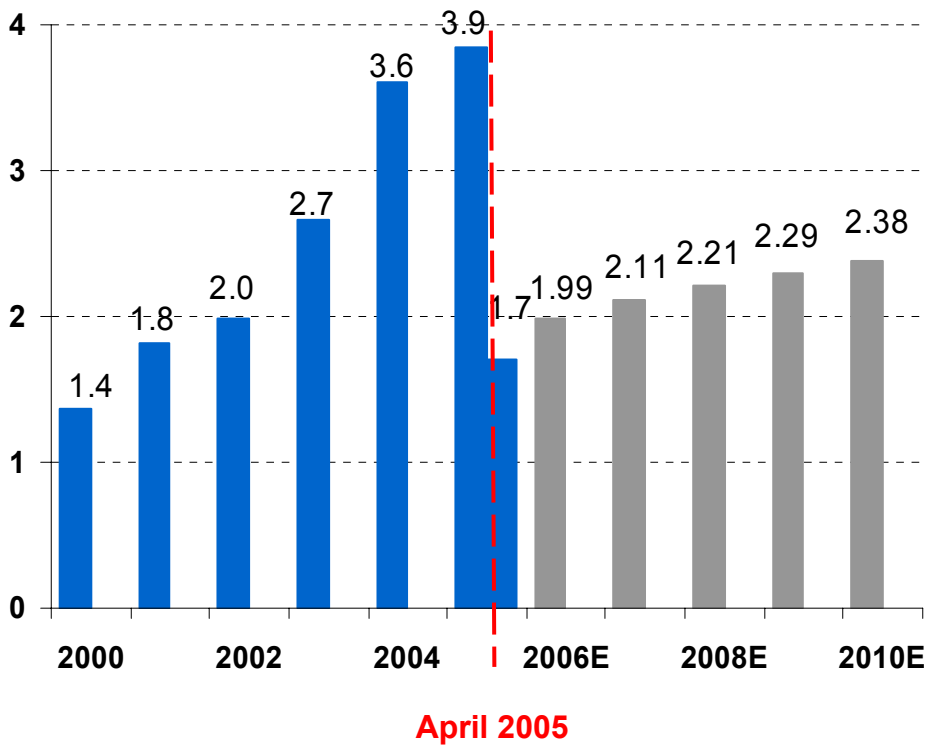


IQ05 Mosenergo's data Includes output of spun off power stations (GRES-4, GRES-5, GRES-24 and Zagorsk GAES)
Lower electricity supply in 2008 would result from scheduled overhaul at CHP-20 and CHP-23 and replacement of the turbine unit (T-100 with T-110).

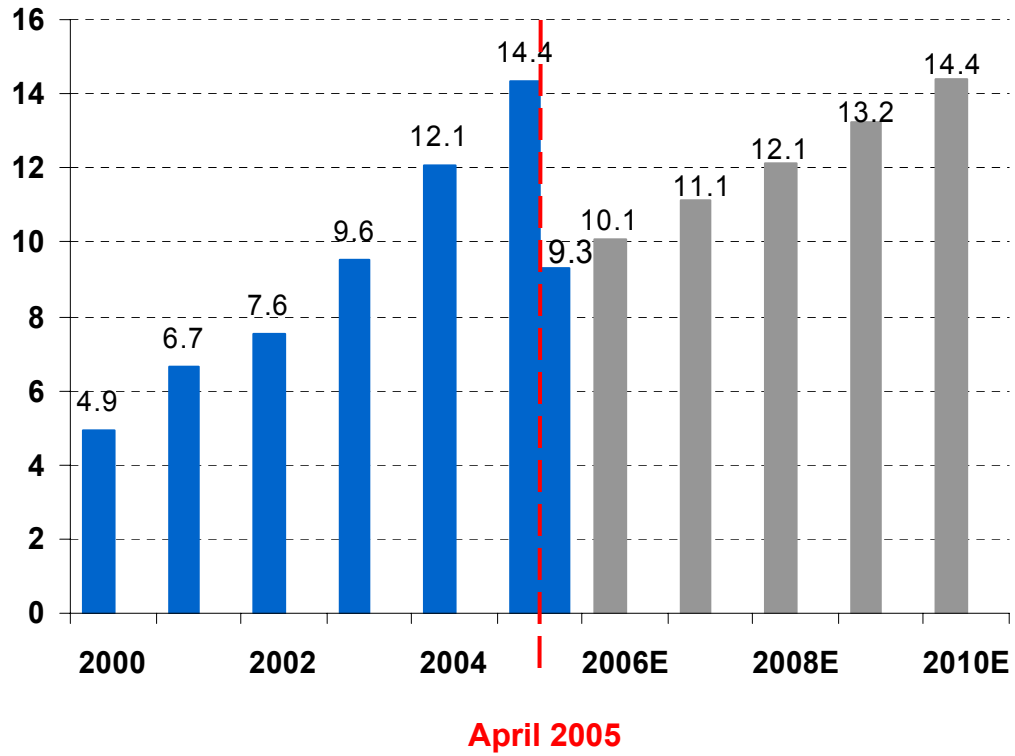
TARIFFS

Tariffs are set annually based on expected costs and development plans for the next year

Electricity, UScents/kWh



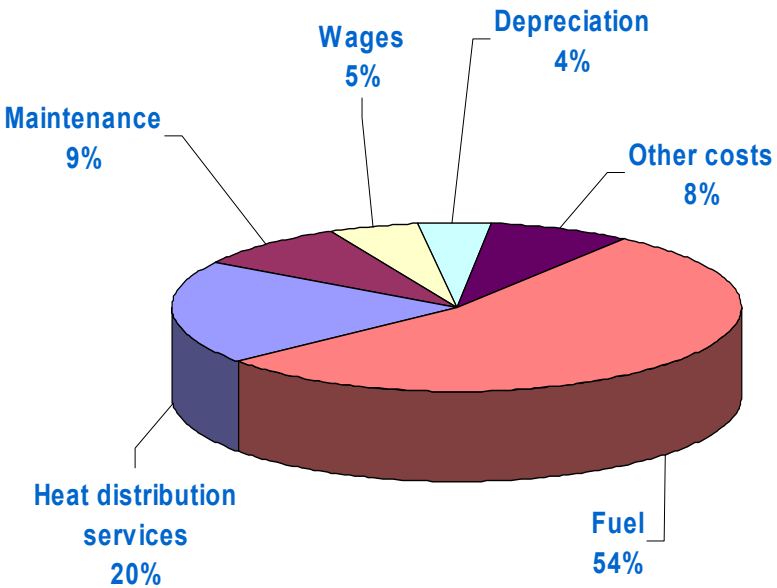
Heat, US$/GCal



FINANCIAL RESULTS (RAS, US$ mn)

Income Statement	2004	2005	2006E
Revenues, incl.	3,101	2,508	2,404
electricity	2,221	1,392	1,118
heat	783	973	1,180
EBITDA	692	407	319
Depreciation	220	128	90
Sales income	472	279	229
Net profit	76.6	73.5	68.2
Balance sheet			
Assets	4,584	1,926	2,278
Capital	3,679	1,364	1,475
Interest	366	347	569

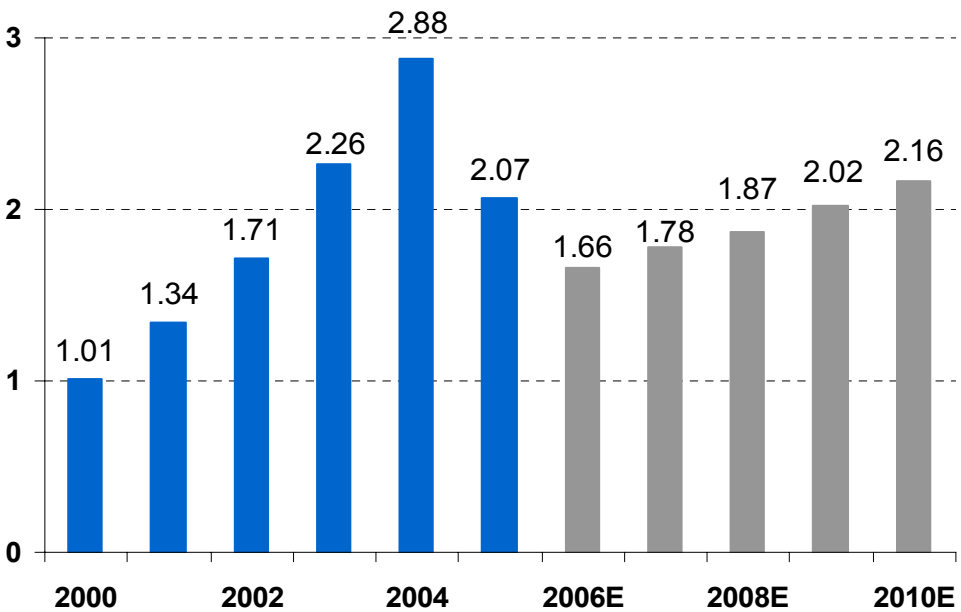
COST STRUCTURE



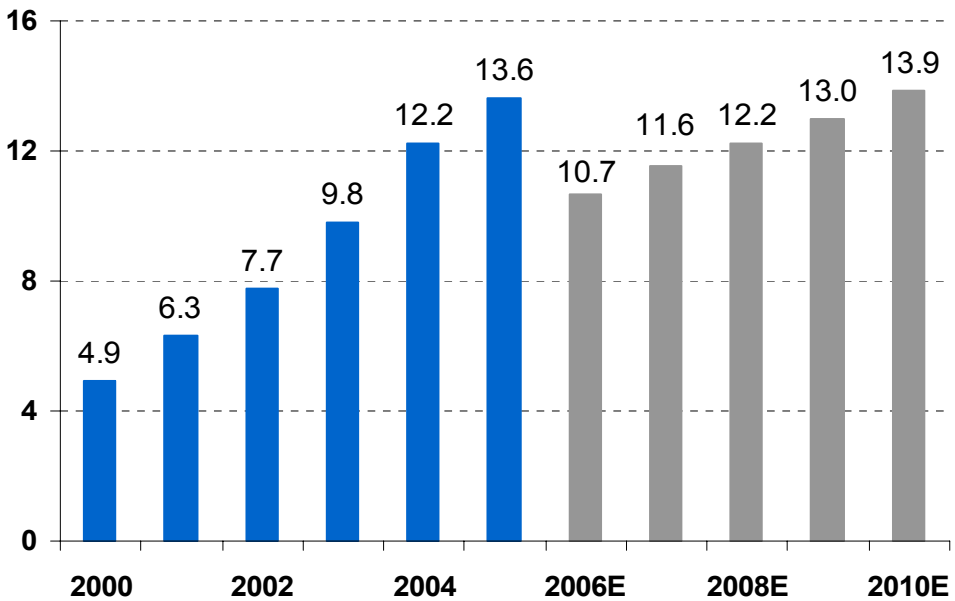
Costs	Comments
Fuel	Gas tariffs are set by the Federal Tariff Service; Domestic gas prices are expected to grow. Share of gas-burnt generation – 96,6%
Heat distribution services	Tariffs are set by the Federal Tariff Service
Maintenance	Mosenergo aims to optimize maintenance costs. In order to minimize costs the Company use subcontractors on the tender basis
Wages	Mosenergo controls wages and makes effort to optimize personnel numbers
Depreciation	Depreciation accounting is carried out in accordance with the current legislation
Other costs	Mosenergo implements a cost management program

COSTS

Electricity, UScents/kWh

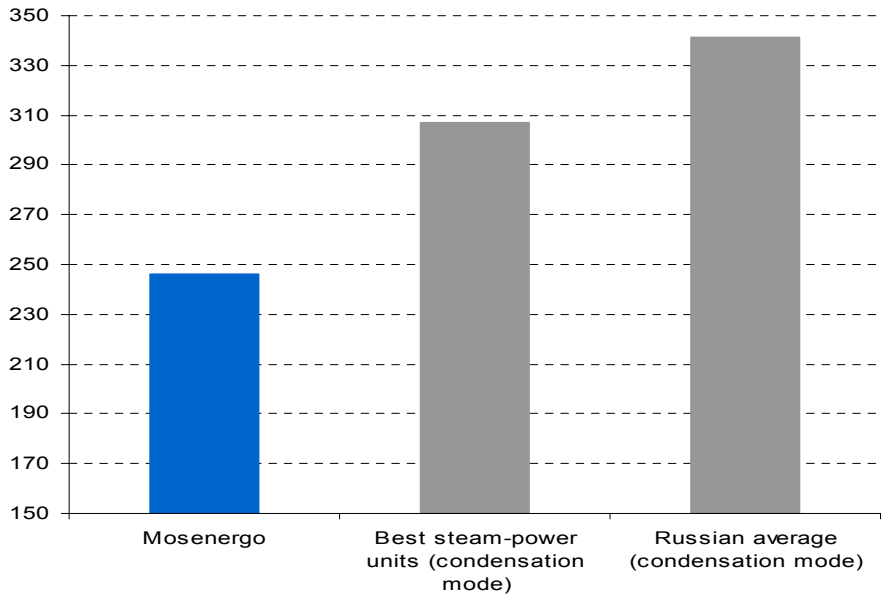


Heat, US$/Gcal

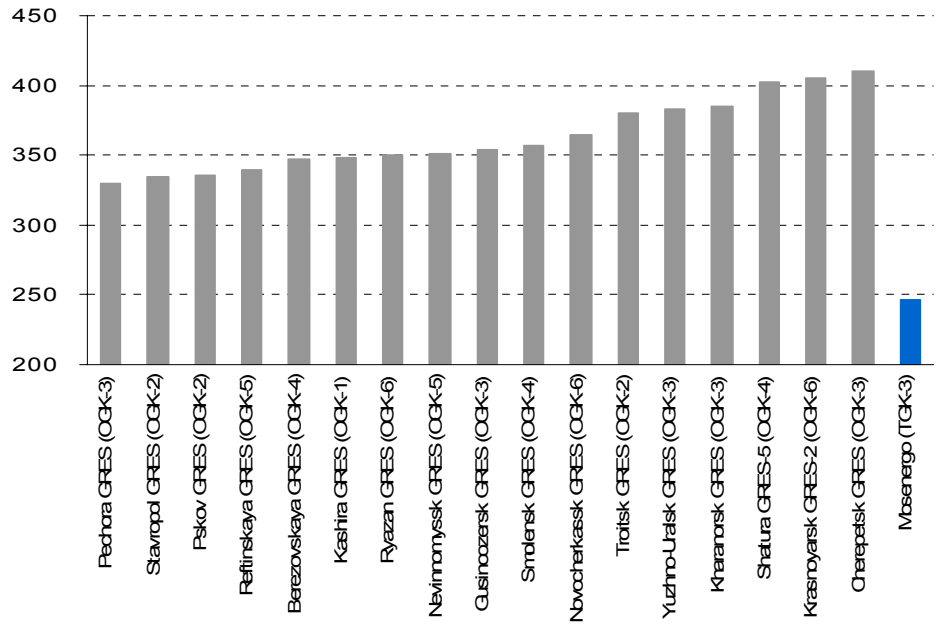


POSITIVE EFFECT OF CO-GENERATION

Equivalent fuel consumption per 1 kWh of electricity (g/kWh)



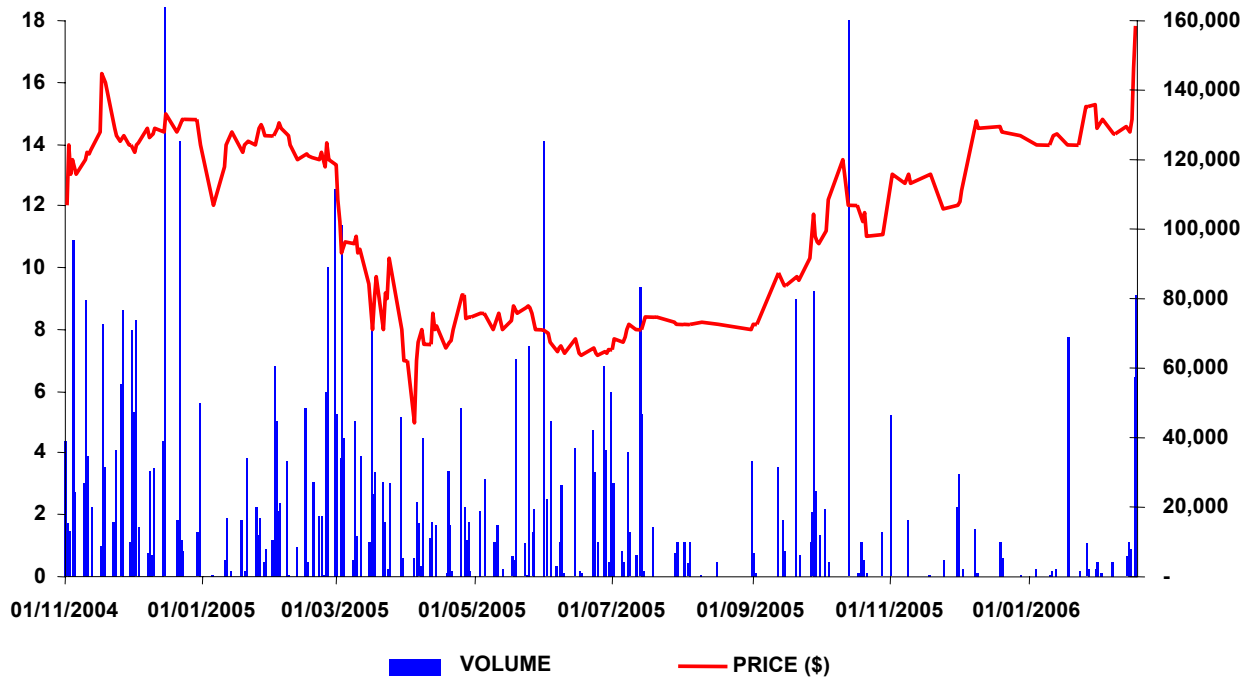
Equivalent fuel consumption per 1 kWh of electricity (g/kWh)



- **Fuller utilization of fuel calorific value as a result of simultaneous generation of electricity and heat**
- **In winter fuel utilization ratio may reach 90% (in summer – around 35%) compared to OGK's steam units (36-40%) and steam-and-gas units under construction (45-55%)**
- **Guaranteed use of electric capacity in accordance with heat supply schedule**
- **Mosenergo does not have excessive heat capacity compared to other TGKs**

Attachments

HISTORICAL PERFORMANCE OF MOSENERGO ADRS ON LSE



- **Mosenergo – the first Russian company to issue ADRs in 1995**
- **Total amount of placement – US$ 22.5 mn**
- **Free float – 1.5%**
- **ADRs are traded in New York, London and Frankfurt**
- **Maximal transparency of business**

FINANCIAL RESULTS (IRFS, mn rubles)

Income Statement	6m05*	6m04	2004
Revenue	44,129	45,633	88,850
COGS	(37,155)	(35,616)	(78,057)
Gross earnings	6,974	10,017	10,793
Earnings before tax	2,301	3,534	9,576
Net earnings	1,698	2,413	6,135
Balance sheet			
Assets	48,795	119,716	129,496
Equity	28,314	86,533	90,035

**Accounting for Mosenergo's reorganization in April 2005*

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This presentation contains forward-looking statements including comments on plans, strategy and development outlook of Mosenergo.

These forward-looking statements are based on certain assumptions and analysis that was undertaken by the management of the Company based on the corporate experience and understanding of historical trends, assumed future developments and other factors that we deem relevant.

As forward-looking statements include calculations based on future developments, they are inherently related to risks, uncertainties, subjective assumptions and other factors that may result in developments that, in turn, significantly differ from the ones contained in forward-looking statements.

Forward-looking statements do not warrant future results and, therefore, should not be relied upon.

The Company explicitly rejects any obligations regarding adjustment of these forward-looking statements and, therefore, the reader should realize that the latter are solely based on current expectations of the management.